Empire State Realty Trust, Inc.
Form S-4/A
December 21, 2012
Table of Contents

As filed with the Securities and Exchange Commission on December 21, 2012

Registration No. 333-179486

Registration No. 333-179486-01

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Pre-Effective Amendment No. 6 to

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

EMPIRE STATE REALTY TRUST, INC.

EMPIRE STATE REALTY OP, L.P.

(Exact name of registrants as specified in charter)

(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)
Maryland	**6798**	**37-1645259**
Delaware	**6500**	**45-4685158**

One Grand Central Place

60 East 42nd Street

New York, New York 10165

(212) 953-0888

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrants Principal Executive Offices)

Anthony E. Malkin

Chairman, Chief Executive Officer and President

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

With copies to:

Arnold S. Jacobs, Esq.	**Larry P. Medvinsky, Esq.**
Steven A. Fishman, Esq.	**Jason D. Myers, Esq.**
Proskauer Rose LLP	**Clifford Chance US LLP**
Eleven Times Square	**31 West 52nd Street**
New York, New York 10036	**New York, New York 10019**
(212) 969-3000	**(212) 878-8000**

Approximate date of commencement of the proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Empire State Building Associates L.L.C.	60 East 42nd St. Associates L.L.C.	250 West 57th St. Associates L.L.C.

One Grand Central Place

60 East 42nd Street

New York, New York 10165

NOTICE OF CONSENT SOLICITATION TO PARTICIPANTS

, 2012

Malkin Holdings LLC, the supervisor of each limited liability company listed above, requests that you consent to the following:

Proposed consolidation of your subject LLC into Empire State Realty Trust, Inc. As described in the attached Prospectus/Consent Solicitation Statement, Malkin Holdings LLC, as supervisor, proposes a consolidation of certain office and retail properties in Manhattan and the greater New York metropolitan area owned by Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., or the subject LLCs, and certain private entities supervised by the supervisor, and certain related management businesses into Empire State Realty Trust, Inc., or the company. The consolidation is conditioned, among other things, upon the closing of the initial public offering, or the IPO, of the company s Class A common stock. The company will issue to each of the participants in the subject LLCs a specified number of operating partnership units, or at each participant s election, Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. The company expects the Class A common stock and the operating partnership units offered herein to be listed on the New York Stock Exchange. After the series of transactions in which the subject LLCs will be consolidated into the company, the company will own, through direct and indirect subsidiaries, the assets of the subject LLCs and the assets of the private entities, along with certain related management businesses. There are 22 private entities involved in the consolidation, including the operating lessees of each of the subject LLCs, from which all required consents to the consolidation have previously been obtained. Attached to the supplement for each subject LLC as Appendix B is the contribution agreement for each subject LLC, which describes the terms of the consolidation in detail. Only the participants holding participation interests in a subject LLC during the consent solicitation period are entitled to notice of, and to vote **FOR** or **AGAINST**, the proposed consolidation. For the reasons the supervisor believes this proposal is fair and reasonable, see Background of and Reasons for the Consolidation.

Proposal to authorize the supervisor to sell or contribute the property interests in a third-party portfolio transaction. As a potential alternative to the consolidation, the supervisor requests that the participants consent to the sale or contribution of the subject LLCs property interests as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party. The third-party portfolio transaction would be undertaken only if the aggregate consideration is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. The proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family will have the right to elect to receive securities only on the same proportional basis as other participants. No member of the Malkin Family will be an affiliate, consultant, employee, officer or director of the acquiror after the closing or receive any compensation from the acquiror (other than their pro rata share of the consideration that they will receive in the third-party portfolio transaction). For the reasons the supervisor believes this proposal is fair and reasonable, see Third-Party Portfolio Proposal.

Table of Contents

Voluntary pro rata reimbursement program for expenses of legal proceedings with former property manager and leasing agent. In addition, the participants are being asked to consent to a voluntary pro rata reimbursement to the supervisor and Peter L. Malkin for the prior advances of all costs, plus interest, incurred in connection with litigations and arbitrations with the former property manager and leasing agent of the properties owned by the subject LLCs. For the reasons the supervisor believes this proposal is reasonable, see Voluntary Pro Rata Reimbursement Program for Expenses of Legal Proceedings with Former Property Manager and Leasing Agent.

The supervisor invites you to vote using the enclosed consent form because it is important that your participation interest in your subject LLC be represented. Please sign, date and return the enclosed consent form in the accompanying postage-paid envelope or by facsimile, as described in the Prospectus/Consent Solicitation Statement. You also may revoke your consent to the consolidation, the third-party portfolio proposal, or both, at any time in writing before the later of the date that consents from participants equal to the percentage required to approve the consolidation and the third-party portfolio proposal, as applicable, as set forth later in the attached Prospectus/Consent Solicitation Statement are received by your subject LLC and the 60th day after the date of the attached Prospectus/Consent Solicitation Statement.

Malkin Holdings LLC

By: Peter L. Malkin Chairman	Anthony E. Malkin President

The attached Prospectus/Consent Solicitation Statement is dated , 2012 and is being mailed to participants on or about , 2012.

Table of Contents

The information in this Prospectus/Consent Solicitation Statement is not complete and may be changed. A registration statement relating to the securities has been filed with the Securities and Exchange Commission. Empire State Realty Trust, Inc. may not sell the securities offered by this Prospectus/Consent Solicitation Statement until the registration statement filed with the Securities and Exchange Commission becomes effective. This Prospectus/Consent Solicitation Statement is not an offer to sell these securities and Empire State Realty Trust, Inc. is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 21, 2012

PROSPECTUS/CONSENT SOLICITATION STATEMENT

shares of Class A common stock, par value $.01 per share,

shares of Class B common stock, par value $.01 per share

Empire State Realty OP, L.P.

units of limited partnership interests consisting of

Series ES units of limited partnership interest,

Series 60 units of limited partnership interest and

Series 250 units of limited partnership interest

If you are a participant in any of the following subject LLCs, your vote is very important:

Empire State Building Associates L.L.C.	60 East 42nd St. Associates L.L.C.	250 West 57th St. Associates L.L.C.

Malkin Holdings LLC, the supervisor of three publicly-registered entities, Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., or the subject LLCs, requests that you, as a holder of a participation interest in one or more of the subject LLCs, vote on whether to approve the proposed consolidation of the subject LLC in which you are a participant into Empire State Realty Trust, Inc., or the company, as part of a consolidation of office and retail properties in Manhattan and the greater New York metropolitan area owned by the subject LLCs and the private entities supervised by the supervisor, along with certain related management businesses, into the company, as described in more detail herein. Such transaction is referred to herein as the consolidation. The principals of the supervisor include Peter L. Malkin and Anthony E. Malkin.

The supervisor believes you will benefit from this consolidation through newly created opportunities for liquidity, enhanced property diversification, increased growth opportunities, enhanced operating and financing abilities and efficiencies, combined balance sheets and anticipated regular quarterly cash distributions, with a board of directors consisting predominantly of independent directors. Anthony E. Malkin will be the only management member of the board of directors.

Following the consolidation, participants may liquidate their investments and realize current values in cash as and when they so desire (subject to the restrictions of the applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation) or may hold operating partnership units and/or shares of common stock they receive in the company. The company intends to apply to have the Class A common stock listed on the New York Stock Exchange under the symbol ESB. The operating partnership units will be issued in three separate series having identical rights to the participants in each of the three subject LLCs, and the operating partnership intends to apply to have such series listed on the New York Stock Exchange under the symbols ESBA, OGCP and FISK. Each participant will receive operating partnership units, which are expected to be tax-deferred for U.S. federal income tax purposes (to the extent described herein), unless such participant elects to receive shares of Class A common stock or, to a limited extent, as described herein, Class B common stock. One share of Class B common stock and 49 operating partnership units together represent a similar economic value and provide the same voting rights as 50 shares of Class A common stock.

The price of the Class A common stock will be determined at the IPO, and the price of the operating partnership units will not be known unless and until the IPO pricing. Therefore, participants will not know the value of the common stock and operating partnership units that they will receive as determined by the IPO price until after they vote on the consolidation. The enterprise value as determined by the IPO price may be significantly lower than the exchange value. The IPO price will not impact the dividends the company intends to pay, which will be, at a minimum, 90% of REIT taxable income (determined without regard to the deduction for dividends paid and excluding net capital gain). After the applicable lock-up period referenced herein has expired, any participant may choose when, if ever, he wishes to sell, and in making that decision will be able to gauge the market price at that time. No participant will be forced to sell at the time of the IPO. A table showing an illustrative range of enterprise values is set forth in Questions and Answers about the Consolidation How was the value of my participation interest determined? on page 6.

Table of Contents

The supervisor recommends that you vote **FOR** the consolidation. The Malkin Holdings group (as defined herein), will receive substantial benefits from the consolidation and have conflicts of interest making this recommendation. See Conflicts of Interest.

As a potential alternative to the consolidation, the supervisor also requests that the participants consent to the sale or contribution of the subject LLCs property interests as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party.

The supervisor recommends that you vote **FOR** the third-party portfolio transaction proposal. The Malkin Holdings group will receive substantial benefits from such transaction and have conflicts of interest making this recommendation. See Conflicts of Interest.

Participants also are being asked to consent to a voluntary pro rata reimbursement program pursuant to which the supervisor and Peter L. Malkin, a principal of the supervisor, will be reimbursed for the prior advances of all costs, plus interest, incurred in connection with the legal proceedings required to remove and replace the former property manager and leasing agent.

This solicitation of consents expires at 5:00 p.m., Eastern time on , 2013, unless the supervisor extends the solicitation period. The supervisor reserves the right to extend on one or more occasions the solicitation period for one or more proposals for one or more subject LLCs or one or more participating groups in a subject LLC without extending for other proposals, subject LLCs or participating groups whether or not it has received approval for the consolidation or the third-party portfolio proposal.

The supervisor and the Malkin Holdings group receive substantial benefits and from inception have had conflicts of interest in connection with the subject LLCs, including in connection with the consolidation or a third-party portfolio transaction. Based on the assumptions set forth herein, after the consolidation and the IPO, the Malkin Holdings group will own 16.5% of the common stock and operating partnership units and will own common stock having 30.4% of the voting power of the company due to its election to take the maximum number of Class B shares to which it was entitled. Based on the elections by participants in the private entities which were less than the maximum number of Class B shares which they had the right to elect to receive, the supervisor assumed that most of the participants in the subject LLCs elected to receive operating partnership units and only a small number elected to receive Class B common stock. If participants in the subject LLCs elect to receive 100% of the Class B common stock to which they are entitled, the Malkin Holdings group s percentage of voting power would be 20.2%. Additionally, as operating partnership units are redeemed for Class A common stock, the Malkin Holdings group s percentage of voting power will decline. There are material risks and potential disadvantages associated with the consolidation or a third-party portfolio transaction. The supervisor and the Malkin Holdings group will receive substantial benefits in connection with the consolidation or a third-party portfolio transaction. See Risk Factors beginning on page 100 and Conflicts of Interest beginning on page 279.

A participant s interest in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. may, in some cases, as described below, be subject to a buyout if he or she votes AGAINST or ABSTAINS on either the consolidation or the third-party portfolio transaction proposal, or does not vote. If you are a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C., and you vote AGAINST the consolidation or the third-party portfolio transaction proposal, you do not vote or you ABSTAIN and your subject LLC participates in the consolidation, your participation interests will be subject to a buyout if you do not vote in favor of the consolidation or third-party portfolio transaction proposal within ten days after notice that the required supermajority consent has been received from the participants in your participating group, and the buyout amount for your interest, which is equal to the original cost less capital repaid, but not less than $100 and is currently $100, would be substantially lower than the consideration you would receive in connection with the consolidation or third-party portfolio transaction. Unanimity on the consents is required pursuant to the organizational documents of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. with respect to both the consolidation and the third-party portfolio proposal for the consent of a participating group; therefore, a participant in either of such subject LLCs who does not vote in favor of either the consolidation or third-party portfolio transaction proposal (and does not change his or her vote after notice that the requisite supermajority consent has been obtained) will be subject to this buyout if the tabulation of consents by MacKenzie Partners, Inc. shows that the required consent in his or her participating group has been received, but in no event before the expiration of the 60-day solicitation period as the same may be extended, regardless of whether either or neither transaction is consummated or the required consent of other participating groups is received. **If you change your vote within ten days after receiving the buyout notice, you will not be subject to a buyout merely by voting AGAINST or ABSTAINING on the consolidation or third-party portfolio transaction, or by not voting.**

Table of Contents

THE SUPERVISOR BELIEVES THAT THE CONSOLIDATION PROVIDES SUBSTANTIAL BENEFITS AND IS FAIR TO THE PARTICIPANTS IN EACH SUBJECT LLC AND RECOMMENDS THAT ALL PARTICIPANTS VOTE **FOR** THE CONSOLIDATION. SEE BACKGROUND OF AND REASONS FOR THE CONSOLIDATION THE SUPERVISOR S REASONS FOR PROPOSING THE CONSOLIDATION.

THE SUPERVISOR BELIEVES IT IS IN THE BEST INTERESTS OF THE PARTICIPANTS TO PROVIDE THE SUPERVISOR WITH THE AUTHORITY TO APPROVE A THIRD-PARTY PORTFOLIO TRANSACTION AS AN ALTERNATIVE TO THE CONSOLIDATION AND RECOMMENDS THAT ALL PARTICIPANTS VOTE **FOR** THE THIRD-PARTY PORTFOLIO PROPOSAL. SEE THIRD PARTY PORTFOLIO PROPOSAL FOR THE SUPERVISOR S REASONS FOR RECOMMENDING APPROVAL OF THE PROPOSAL.

THE SUPERVISOR BELIEVES THAT THE VOLUNTARY PRO RATA REIMBURSEMENT PROGRAM IS FAIR AND REASONABLE AND RECOMMENDS THAT ALL PARTICIPANTS WHO HAVE NOT PREVIOUSLY CONSENTED TO THE VOLUNTARY PRO RATA REIMBURSEMENT PROGRAM **CONSENT TO** THE PROPOSAL. SEE VOLUNTARY PRO RATA REIMBURSEMENT PROGRAM FOR EXPENSES OF LEGAL PROCEEDINGS WITH FORMER PROPERTY MANAGER AND LEASING AGENT FOR A DISCUSSION OF THE SUPERVISOR S REASONS FOR RECOMMENDING APPROVAL OF THE PROPOSAL AND THE BENEFITS TO THE SUPERVISOR.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Class A common stock, Class B common stock or operating partnership units or passed upon the accuracy or adequacy of this Prospectus/Consent Solicitation Statement. Any representation to the contrary is a criminal offense.

After you read this Prospectus/Consent Solicitation Statement, the company and the supervisor urge you to read the accompanying supplement for your subject LLC. The supplement contains information particular to your subject LLC. This information is material in your decision whether to vote **FOR** or **AGAINST** the consolidation.

THIS PROSPECTUS/CONSENT SOLICITATION IS AUTHORIZED FOR DELIVERY TO PARTICIPANTS ONLY WHEN ACCOMPANIED BY ONE OR MORE SUPPLEMENTS RELATING TO THE SUBJECT LLCS IN WHICH SUCH PARTICIPANTS HOLD PARTICIPATION INTERESTS. SEE WHERE YOU CAN FIND MORE INFORMATION.

WHO CAN HELP ANSWER YOUR QUESTIONS?

If you have more questions about the proposed consolidation or would like additional copies of this Prospectus/Consent Solicitation Statement or the supplement relating to your subject LLC(s) (which will be provided at no cost), you should contact the person designated on the consent form sent to you.

To obtain timely delivery, you should request this information no later than , 2012.

The date of this Prospectus/Consent Solicitation Statement is , 2012.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

Table of Contents

The company uses market data and industry forecasts and projections throughout this Prospectus/Consent Solicitation Statement, and in particular in the sections entitled Economic and Market Overview, The Company Business and Properties and Business of the Subject LLCs. The company has obtained all of this information from a market study prepared for the company by Rosen Consulting Group, or RCG, a nationally recognized real estate consulting firm, in August 2012. The company has paid RCG a fee for such services. Such information is included herein in reliance on RCG s authority as an expert on such matters. See Experts. The company believes the data prepared by RCG is reliable, but it has not independently verified this information. Any forecasts prepared by RCG are based on data (including third party data), models and experience of various professionals, and are based on various assumptions, all of which are subject to change without notice. There is no assurance that any of the forecasts will be achieved.

The term greater New York metropolitan area is used herein to refer only to Fairfield County, Connecticut and Westchester County, New York. The manner in which the company defines its property markets and submarkets differs from how RCG has done so in its market study included herein. Further, RCG s definition of the New York metropolitan area differs from the company s definition of the greater New York metropolitan area. RCG s definition includes Putnam County and Rockland County in New York and Bergen County, Hudson County, and Passaic County in Northern New Jersey and excludes Fairfield County in Connecticut.

Unless the context otherwise requires or indicates, references in this Prospectus/Consent Solicitation Statement, which is referred to herein as the prospectus/consent solicitation, to:

(i) the subject LLCs refers to Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C.,

(ii) the private entities refer to the privately-held entities supervised by the supervisor, which are all of the entities, other than the subject LLCs, listed in the chart under the section Summary The Subject LLCs, the Private Entities and the Management Companies, which will be included in the consolidation,

(iii) the company refers to Empire State Realty Trust, Inc. (formerly known as Empire Realty Trust, Inc.), a Maryland corporation, together with its consolidated subsidiaries, including Empire State Realty OP, L.P. (formerly known as Empire Realty Trust, L.P.), a Delaware limited partnership, which is referred to herein as the operating partnership, after giving effect to the series of transactions involving the consolidation of the subject LLCs and the private entities described in this prospectus/consent solicitation that have consented to the consolidation and a combination of (a) Malkin Holdings LLC, a New York limited liability company that acts as the supervisor of, and performs various asset management services and routine administration with respect to, the subject LLCs and certain of the private entities (as discussed in this prospectus/consent solicitation), which is referred to herein as the supervisor; (b) Malkin Properties, L.L.C., a New York limited liability company that serves as the manager and leasing agent to certain of the private entities in Manhattan, (c) Malkin Properties of New York, L.L.C., a New York limited liability company that serves as the manager and leasing agent to certain of the private entities located in Westchester County, New York, (d) Malkin Properties of Connecticut, Inc., a Connecticut corporation that serves as the manager and leasing agent to certain of the private entities in the State of Connecticut and (e) Malkin Construction Corp., a Connecticut corporation that is a general contractor and provides services to the private entities and third parties (including certain tenants at the properties owned by the private entities), which collectively are referred to herein as the management companies,

(iv) the properties refers to the subject LLCs direct or indirect fee ownership interests in the Empire State Building, One Grand Central Place and 250 West 57th Street, respectively,

(v) the properties of the company and the portfolio refer to the properties, the other assets of the subject LLCs, the ownership interests of the private entities in their properties and the other assets of the private entities,

Table of Contents

(vi) the agents refer to holders of the membership interests in the subject LLCs for the benefit of participants in the agent s participating group; each of the agents is an affiliate of the supervisor,

(vii) the participants refer to the holders of participation interests in the membership interests held by the agents and, as applicable, investors in the private entities,

(viii) the participation interests refer to the beneficial ownership interests of participants in the membership interest of the subject LLCs held by an agent for the benefit of participants and, as applicable, membership or partnership interests or the beneficial interests therein held by investors in the private entities,

(ix) common stock and shares of common stock refer to both shares of the company s Class A common stock, par value $0.01, and Class B common stock, par value $0.01 per share, unless otherwise indicated,

(x) the IPO refers to the initial public offering of the Class A common stock of the company, and IPO price refers to the price per share of Class A common stock in the IPO,

(xi) operating partnership units refer to the operating partnership s limited partnership interests. The operating partnership will have two classes of units of limited partnership interest operating partnership units and LTIP units. The operating partnership units will have four series Series PR operating partnership units, Series ES operating partnership units, Series 60 operating partnership units and Series 250 operating partnership units, which are referred to either collectively, or with respect to one or more series, as the operating partnership units, as the context requires or indicates. Operating partnership units are redeemable for a cash amount equal to the then-current market value of one share of Class A common stock per operating partnership unit, or at the company s election, shares of Class A common stock on a one-for-one basis. The Series ES operating partnership units will be issued to participants in Empire State Building Associates L.L.C., the Series 60 operating partnership units will be issued to participants in 60 East 42nd St. Associates L.L.C. and the Series 250 operating partnership units will be issued to participants in 250 West 57th St. Associates L.L.C., in each case except for the Wien group. The operating partnership intends to apply to have the Series ES operating partnership units, Series 60 operating partnership units and Series 250 operating partnership units listed on the New York Stock Exchange under the symbols ESBA, OGCP, and FISK, respectively. The Series PR operating partnership units will be issued to the participants in the private entities and the Wien group and will not be listed on a national securities exchange, and

(xii) organizational documents refer to the limited liability company agreement, the participating agreements and the terms of any voluntary capital transaction override program and voluntary pro rata reimbursement programs for each subject LLC, to the extent applicable.

All references to the enterprise value refer to the value of the company after completion of the consolidation determined in connection with the IPO by the company in consultation with the investment banking firms managing the IPO and prior to the issuance of Class A common stock in the IPO and any issuance of Class A common stock pursuant to the company s and the operating partnership s equity incentive plan, or the equity incentive plan.

All references to the aggregate exchange value refer to the aggregate exchange value of the subject LLCs, the private entities and the management companies based on the appraisal, or the Appraisal, by Duff & Phelps, LLC, the independent valuer. The exchange values as of June 30, 2012 are based on a final valuation analysis prepared by the independent valuer as of June 30, 2012. The final valuation updates a preliminary valuation prepared as of June 30, 2011. The preliminary exchange values based on such preliminary valuation were used in connection with the solicitation of consents from participants in the private entities in November 2011. See Appendix C-2 Preliminary Exchange Values and Projections used in Connection with Preliminary Exchange Values, which sets forth the preliminary exchange values and preliminary valuation.

Table of Contents

All references (other than information labeled as pro forma information, including the pro forma financial statements) to the number of shares of common stock, on a fully-diluted basis, issued in the consolidation refer to the number of shares of Class A common stock and Class B common stock issued or received in the consolidation, prior to the issuance of Class A common stock in the IPO and pursuant to any incentive plans, assuming that (i) the enterprise value in connection with the IPO equals the aggregate exchange value, (ii) the offering price per share in the IPO used herein which is used solely for illustrative purposes equals a hypothetical $10 per share, (iii) all of the subject LLCs, the private entities and the management companies participate in the consolidation, (iv) no cash is paid to participants in the private entities, (v) no shares of Class A common stock are issued to the supervisor pursuant to the voluntary pro rata reimbursement program, (vi) no fractional shares are issued and (vii) all operating partnership units issued in the consolidation are redeemed on a one-for-one basis and all shares of Class B common stock issued in the consolidation are converted on a one-for one basis for shares of Class A common stock.

The enterprise value will equal the total number of shares of common stock and total number of operating partnership units issuable in the consolidation (excluding any shares of common stock issued in the IPO, and assuming all participants in the private entities receive shares of common stock or operating partnership units and not cash) multiplied by the IPO price. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company s trading price following the IPO will be based on, among other things, the company s historical and future performance, its performance relative to its peers, market conditions generally and its continued seasoning in the public markets. The company currently intends to pay regular quarterly dividends based on the performance of the company and its portfolio of properties, rather than just one property, and those distributions are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain its qualification as a REIT. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price.

All references to distributions to participants assume that all amounts payable under the voluntary pro rata reimbursement program are paid out of cash distributions from the subject LLCs and the private entities, as applicable and that no shares of Class A common stock are issued to the supervisor for amounts due under the voluntary pro rata reimbursement program.

The supervisor has made certain of these assumptions to permit the presentation of information in tables in this prospectus/consent solicitation on a consistent basis. For example, while throughout this prospectus/consent

Table of Contents

solicitation the supervisor has assumed for purposes of this presentation of information that no cash is paid, cash will be paid to non-accredited investors in the private entities and to certain investors in the private entities that are charitable organizations and elect to receive cash pursuant to the cash option described herein.

All references to the stockholders refer to the holders of Class A common stock and Class B common stock of the company.

All references to the Malkin Family refer to Anthony E. Malkin, Peter L. Malkin, each of their lineal descendants (including spouses of any of the foregoing), any estates of any of the foregoing, any trusts now or hereafter established for the benefit of any of the foregoing, or any corporation, partnership, limited liability company or other legal entity controlled by Anthony E. Malkin or any permitted successor in such entity for the benefit of any of the foregoing.

All references to the Malkin Holdings group refer to the Malkin Family and Thomas N. Keltner, Jr., and his spouse.

All references to the Wien group refer to each of the lineal descendants of Lawrence A. Wien, including Peter L. Malkin and Anthony E. Malkin (including spouses of such descendants), any estates of any of the foregoing, any trusts now or hereafter established for the benefit of any of the foregoing, or any corporation, partnership, limited liability company or other legal entity controlled by Anthony E. Malkin for the benefit of any of the foregoing.

For demonstrative purposes, the supervisor has assigned a hypothetical IPO price of $10 per share. That value is strictly hypothetical and is for illustrative purposes only.

All references to the property and assets owned by the company upon completion of the consolidation refer to the company upon completion of the consolidation, without giving effect to the IPO, and assuming that all required supermajority consents of the participants in the subject LLCs have been obtained and all of the properties and assets to be acquired from the subject LLCs, the private entities and the management companies pursuant to the consolidation have been acquired.

All references to a third-party portfolio transaction refer to the sale or contribution of the subject LLCs property interests and other assets as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party. The description of the company in this prospectus/consent solicitation assumes that all of the properties and assets to be acquired from the subject LLCs, the private entities and the management companies pursuant to the consolidation have been acquired by the company rather than an unaffiliated third party pursuant to a third-party portfolio transaction.

Certain terms and provisions of various agreements are summarized in this prospectus/consent solicitation. These summaries are qualified in their entirety by reference to the complete text of any such agreements, which are either attached as exhibits or appendices to this prospectus/consent solicitation or the supplement for your subject LLC in the form in which they are expected to be signed (but subject to change, including potentially significant changes, as described below) or filed as an exhibit to the Registration Statement on Form S-4 of which this prospectus/consent solicitation is a part. The parties to such agreements may make changes (including changes that may be deemed material) to the forms of the agreements attached as appendices or exhibits hereto, contained in the applicable supplement or filed as exhibits to the Registration Statement on Form S-4.

Upon completion of the IPO, the company expects to grant LTIP units and/or restricted shares of its Class A common stock (at the grantee s discretion) to the company s independent directors, executive officers (other than Anthony E. Malkin) and certain other employees, which will be subject to time-based and performance-based vesting over a three to four year period. The aggregate number of LTIP units/shares the company intends to grant to such individuals will be in an amount equal to 1.5% of the gross proceeds raised in the IPO (excluding the underwriters option to purchase additional shares of the Class A common stock) divided by the IPO price. Assuming the company receives gross proceeds from the IPO of $1,000,000,000 (excluding the underwriters

Table of Contents

option to purchase additional shares of the Class A common stock), and assuming an IPO price of $10 per share, the aggregate number of LTIP units and/or restricted shares of the Class A common stock the company intends to grant to its independent directors, executive officers (other than Anthony E. Malkin) and certain other employees will be 1,500,000 units/shares and will have an aggregate dollar value of $15,000,000. The aggregate number of LTIP units and/or restricted shares to be granted upon completion of the IPO may be increased by a modest amount based on future events, such as the hiring of additional officers.

Table of Contents

QUESTIONS AND ANSWERS ABOUT

THE CONSOLIDATION

Q: What am I being asked to approve?
A: The supervisor, which is an affiliate of Peter L. Malkin and Anthony E. Malkin, is submitting the following proposals for your approval:

A consolidation of your subject LLC and certain office and retail properties in Manhattan and the greater New York metropolitan area owned by the subject LLCs and the private entities, all of which are supervised by the supervisor, and certain related management businesses, into the company, which is intended to qualify for taxation as a real estate investment trust for U.S. federal income tax purposes, which is referred to herein as a REIT.

As a potential alternative to the consolidation, the sale or contribution of the subject LLCs property interests as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party. While the supervisor believes the consolidation represents the best opportunity for participants to achieve liquidity and to maximize the value of their investment, the supervisor believes it also is in the best interest of all participants for the supervisor to have the flexibility and discretion, subject to certain conditions, to accept an offer for the portfolio of properties from an unaffiliated third party if the supervisor determines that the offer price includes what the supervisor believes is an adequate premium above the value that is expected to be realized over time from the consolidation. The third-party portfolio transaction would be undertaken only if the aggregate consideration is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. The proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family will have the right to elect to receive securities only on the same proportional basis as other participants. No member of the Malkin Family will be an affiliate, consultant, employee, officer or director of the acquiror after the closing or receive any compensation from the acquiror (other than their pro rata share of the consideration that they will receive in the third-party portfolio transaction).

Voluntary pro rata reimbursement to the supervisor and Peter L. Malkin for the prior advances of all costs, plus interest, incurred in connection with litigations and arbitrations with the former property manager and leasing agent of the property.

Each of these proposals is subject to a separate consent, and approval of each proposal is not dependent on approval of any other proposal.

Q: What is the proposed consolidation upon which I am being asked to vote?
A: You are being requested to approve the consolidation in which your subject LLC will contribute its assets to the operating partnership in exchange for operating partnership units, Class A common stock and to a limited extent, as described herein, Class B common stock. All of the subject LLCs together represent 39.69% of the aggregate exchange value. As part of the consolidation, the company also will enter into similar transactions with the other subject LLCs, private entities and the management companies described elsewhere in this prospectus/consent solicitation.

Through the consolidation, the company intends to combine the properties of the subject LLCs and the private entities and the assets and operations of the supervisor and the other management companies into the company, and intends to elect and to qualify as a REIT for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013. The closing of the consolidation will occur substantially simultaneously with the closing of the IPO. If the consolidation is approved by the three subject LLCs, the

Table of Contents

company acquires the properties from each of private entities and the company acquires the management companies, the company will own 12 office properties (including one long-term ground leasehold interest) which, as of September 30, 2012, encompass approximately 7.7 million rentable square feet of office space, and which were approximately 79.8% leased (or 83.3% giving effect to leases signed but not yet commenced as of that date). Seven of these properties are located in the midtown Manhattan market and encompass in the aggregate approximately 5.9 million rentable square feet of office space, including the Empire State Building. The Manhattan office properties also contain an aggregate of 433,545 rentable square feet of premier retail space on the ground floor and/or lower levels. The remaining five office properties are located in Fairfield County, Connecticut and Westchester County, New York, encompassing in the aggregate approximately 1.8 million rentable square feet. The majority of the square footage for these five properties is located in densely populated metropolitan communities with immediate access to mass transportation. Additionally, the company has entitled land at the Stamford Transportation Center in Stamford, Connecticut, adjacent to one of its office properties, that will support the development of an approximately 380,000 rentable square foot office building and garage, which is referred to herein as Metro Tower. As of September 30, 2012, the portfolio also included four standalone retail properties located in Manhattan and two standalone retail properties located in the city center of Westport, Connecticut, encompassing 204,452 rentable square feet in the aggregate. As of September 30, 2012, the standalone retail properties were 100.0% leased in the aggregate.

The consolidation offers participants the opportunity to become limited partners in the operating partnership or stockholders of the company, which will own a diversified portfolio of properties and have as senior management certain executives of the supervisor, a recognized operator of office and retail properties in Manhattan and the greater New York metropolitan area. The supervisor has a comprehensive knowledge of its markets that has been developed through the supervisor s principals substantial experience. The consolidation also will result in the creation of a company with a board of directors consisting predominantly of independent directors, which will be responsible for overseeing the operations of the company. Anthony E. Malkin will be the only management member of the board of directors.

All of the properties are located in Manhattan and the greater New York metropolitan area, which, according to RCG, is one of the most-prized office markets in the world and a world-renowned retail market due to a combination of supply constraints, high barriers to entry, near-term and long-term prospects for job creation, vacancy absorption and rental rate growth. The supervisor believes that the company will represent a unique opportunity to invest in a well-capitalized company with real estate in these most-prized markets and recognized and respected leadership. The company s primary focus will be to continue to own, operate and manage its current portfolio and to acquire and reposition office and retail properties in Manhattan and the greater New York metropolitan area.

Q: Why is the supervisor proposing the consolidation?

A: The supervisor believes this transaction represents the best opportunity for value enhancement for your investment in the subject LLC after years of action under the supervisor s leadership to preserve, restore, and enhance your investment. Included in that history is a challenging time, which began with litigation commenced in 1997 by Peter L. Malkin and the supervisor to remove Helmsley-Spear, Inc., which is referred to herein as the former property manager and leasing agent (after it was sold by entities controlled by Leona M. Helmsley) as property manager and leasing agent of the properties owned by the subject LLCs and other properties which are now included in the plans for this consolidation.

Since the successful resolution of that litigation, the supervisor has overseen the engagement by the subject LLCs of independent property management and leasing agents and the transformation of the Empire State Building to a self management structure, retaining a third party agent for leasing only; developed and is in the process of effecting a comprehensive renovation and repositioning program for improving the physical condition of, and upgrading the credit quality of, tenants at the property, and raised the properties profile as part of a well regarded portfolio brand. The supervisor believes that it is an opportune time for the subject

Table of Contents

LLCs to take advantage of the opportunity to participate in the consolidation which will afford participants better value protection through diversification, growth opportunities through potential acquisitions and potential growth in revenue of the initial properties and more stable cash flows for distributions, as well as administrative and operating efficiencies. Additionally, the supervisor believes the consolidation provides value enhancement through better access to capital and options for liquidity for investors who so desire and allows participants to receive operating partnership units in a transaction expected to be tax-deferred for U.S. federal income tax purposes.

The supervisor has reviewed this transaction carefully and believes that current and anticipated property results provide favorable prospects for the consolidation. The supervisor will consider the capital market conditions at the time the IPO is ready to commence, but the supervisor is confident that a well located, well run, well capitalized portfolio of office and retail properties in Manhattan and in the greater New York metropolitan area is a desirable portfolio for an IPO. The consolidation and IPO will launch the company as a public company with its Class A common stock expected to be listed on the New York Stock Exchange, which is referred to herein as the NYSE, upon completion of the IPO. The operating partnership units issued to participants in the subject LLCs are also expected to be listed on the NYSE upon completion of the IPO. The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group) and in a separate series to the participants in the private entities receiving operating partnership units and the Wien group. Each series of operating partnership units will have identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership. The separate series were created because there are unique U.S. federal income tax consequences to the participants receiving each series of listed operating partnership units (as compared to ownership of operating partnership units of another series) depending on the subject LLC in which they have an interest and the tax aspects of the property contributed by such entity.

The supervisor believes that the consolidation is the best way for participants to achieve liquidity and to maximize the value of their investment in the subject LLCs. The supervisor believes that benefits to participants from the consolidation include:

- The opportunity for participants to receive interests in the company s operating partnership on the same basis as participants in the private entities and the Malkin Family in a transaction expected to be tax-deferred for U.S. federal income tax purposes;

- Liquidity for participants that elect to receive shares of Class A common stock expected to be listed on the NYSE, which investors may sell from time to time as and when they so desire (subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation). Presently there is no active trading market for the participation interest you hold in your subject LLC, which is only an indirect interest in real property subject to an operating lease, which is not under the operational control of your subject LLC. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to such restrictions. Participants in the subject LLCs who receive operating partnership units may also sell operating partnership units, which also are expected to be listed on the NYSE, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing;

- Anticipated value enhancement through property diversification and operating and capital structure efficiencies;

Anticipated regular quarterly cash distributions on their operating partnership units and shares of common stock, which will include distributions of at least 90% of its annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains), which is required for REIT qualification as described below. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price;

Conversion of the current governance structure which is inefficient and costly in general and in which participants do not share in the same economic benefit that they would receive through ownership and operation of the properties by a single entity into a modern, centralized and efficient governance structure;

The opportunity to continue to hold interests in an entity operating under the brand developed by the supervisor and to participate in any future growth of the company through potential acquisitions and potential growth in revenue of the initial properties, while removing obstacles to obtaining true synergies and realization of value, such as combining financings, movements of tenants from one building to another, sharing of employees and management and oversight;

The opportunity to continue to hold interests in an entity in which certain executives of the supervisor will be members of the senior management team and Anthony E. Malkin will be Chairman, Chief Executive Officer, President and a director of the company and

The governance structure of an SEC reporting company with its Class A common stock expected to be listed on the NYSE, which provides accountability through the oversight of the company by a board of directors consisting predominantly of independent directors.

Q: What will I be entitled to receive if I vote **FOR** the consolidation and the consolidation is approved by my subject LLC?
A: If you vote **FOR** the consolidation, including as a result of changing your vote after receipt of a buyout notice, and your subject LLC participates in the consolidation, you will receive operating partnership units, unless you elect to receive shares of Class A common stock or, to a limited extent, Class B common stock. You may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units you would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitle to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. The percentage of the aggregate exchange value and the company s common stock on a fully diluted basis allocated to each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. is 28.30%, 7.49% and 3.90%, respectively. See Summary Allocation of Consideration in the Consolidation.

The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group) and in a separate series to the participants in the private entities receiving operating partnership units and the Wien group. Each series of operating partnership units will have identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership. The separate series were created because there are unique U.S. federal income tax consequences to the participants receiving each series of listed operating partnership units (as compared to ownership of operating partnership units of another series) depending on the subject LLC in which they have an interest and the tax aspects of the property contributed by such entity.

Table of Contents

Q: How many operating partnership units and shares of common stock will I be entitled to receive if my subject LLC is consolidated with the company?

A: The number of operating partnership units and shares of common stock that will be allocated to each subject LLC in the consolidation based on the exchange value is set forth in the chart under the caption Summary Allocation of Consideration in the Consolidation. The following table sets forth the exchange value allocated to each of the subject LLCs and the shares of common stock or operating partnership units and the exchange value to participants per $10,000 original investment.

		Exchange Value to Participants Per $10,000 Original Investment (except as otherwise noted)	
Entity	**Total Exchange Value(1)(2)**	**Value of Shares of Common Stock or Operating Partnership Units(2)**	**Number of Shares of Common Stock, on a Fully-Diluted Basis**
Empire State Building Associates L.L.C.	$ 1,183,612,549		
Participants (subject to voluntary override)		$ 323,803	32,380
Participants (not subject to voluntary override)		$ 358,670	35,867
60 East 42nd St. Associates L.L.C.	$ 313,069,533		
Participants		$ 402,658	40,266
250 West 57th St. Associates L.L.C.	$ 163,064,607		
Participants (subject to voluntary override)		$ 409,662	40,966
Participants (not subject to voluntary override)		$ 452,957	45,296

(1) The exchange value is determined as described in Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values.

(2) The exchange value of each subject LLC is based on each subject LLC s assets and liabilities included in the quarterly balance sheets of the subject LLC as of June 30, 2012. The exchange value will be revised to reflect changes in the balance sheet items included in the calculation of the exchange value in the final quarterly balance sheet prior to the closing of the consolidation (other than indebtedness incurred after June 30, 2012 which is used to fund capital expenditures taken into account in the Appraisal or held as reserves for such purposes and included in the assets contributed by the subject LLC to the company), but will not be revised based on changes in the balance sheets or other events after the final quarterly balance sheet date prior to the closing of the consolidation.

You will receive a portion of the operating partnership units and common stock allocated to your subject LLC in accordance with your election and with your percentage interest in the subject LLC and the subject LLC s organizational documents, after taking into account the allocations in respect of the supervisor s override interests. The number of operating partnership units and shares of common stock presented in this prospectus/consent solicitation is based on the hypothetical $10 per share exchange value arbitrarily assigned by the supervisor to illustrate the number of operating partnership units and/or shares of common stock that a participant would receive if the enterprise value of the company determined in connection with the IPO were the same as the aggregate exchange value and the IPO price were $10 per share. The actual number of operating partnership units and shares of common stock, on a fully-diluted basis, issued in the consolidation will equal the enterprise value divided by the actual IPO price upon pricing of the IPO. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

5

Table of Contents

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company s trading price following the IPO will be based on, among other things, the company s historical and future performance, its performance relative to its peers, market conditions generally and its continued seasoning in the public markets. The company currently intends to pay regular quarterly dividends based on the performance of the company and its portfolio of properties, rather than just one property, and those distributions are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain its qualification as a REIT. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price.

Q: How was the value of my participation interest determined?

A: The value of your participation interest, as described in this prospectus/consent solicitation, was determined based on the exchange value for your subject LLC. The exchange value of your subject LLC and the other subject LLCs, the private entities and the management companies is the value of each of and all these entities based on the Appraisal by Duff & Phelps, LLC, which is referred to herein as Duff & Phelps or the independent valuer, which serves as the independent valuer for all the subject LLCs, the private entities and the management companies. Shares of common stock, operating partnership units and/or cash, as applicable, will be allocated among the subject LLCs, the private entities and the management companies based upon the exchange values of each subject LLC, each private entity and the management companies. The exchange value was then allocated among the participants and the holders of the override interests by the independent valuer in accordance with each subject LLC s organizational documents. However, as described elsewhere in this prospectus/consent solicitation, while the exchange value was used to establish the relative value of the properties and participation interests, this value does not necessarily represent the fair market value of your participation interest. The number of shares of Class A common stock, Class B common stock, and operating partnership units issued in the consolidation will be determined based on the company s enterprise value, which will be determined based on the IPO price, without giving effect to shares of Class A common stock issued in the IPO.

The fair market value of the consideration that you receive will not be known until the pricing of the IPO, which will occur after you vote upon the approval of the consolidation transaction. Accordingly, at the time you vote on the consolidation proposal, you will not know the amount of the consideration you will receive. The value of the consideration will be based on the enterprise value determined in connection with pricing of the IPO.

The IPO will take place after approval of the consolidation. To allow participants to determine the potential value at the time of the IPO of the securities that they will receive, the following table sets forth a range of enterprise values per $10,000 original investment for participants in each of the three subject LLCs. The exchange value is shown as 100%, and various premiums and discounts are shown in relation to the exchange value. The enterprise values in the table are being furnished for illustrative purposes and do not represent the supervisor s estimate of the range of likely enterprise values or the range of prices at which the company will complete the IPO.

The IPO price will not impact the regular, quarterly dividends the company currently intends to pay, which will be based on the performance of the company and its portfolio of properties, rather than just one property, and are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain its qualification as a REIT. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price.

Table of Contents

After the applicable lock-up periods referenced herein have expired, any participant may choose when, if ever, he wishes to sell and in making that decision will be able to gauge the market price at that time. Other than the Helmsley estate, no participant will be able to sell his common stock and operating partnership units in the IPO or be required to sell such securities at that time. Therefore, the IPO price will not show the value that a participant may receive upon such later sale(s), but will only be an indication of how the market values the company at the date of the IPO.

The exchange value methodology will cause any enterprise value at the IPO below the exchange value to reduce the shares allocated to the Malkin Holdings group in respect of their override interests.

	Enterprise Value (based on IPO Price) Per $10,000 Original Investment[(1)]							
	Empire State Building Associates L.L.C.			60 East 42nd St. Associates L.L.C.		250 West 57th St. Associates L.L.C.		
Enterprise Value as a Percentage of Exchange Value	Participants (Voluntary Override)	Participants (No Voluntary Override)	Override to Supervisor[(2)]	Participants	Override to Supervisor[(2)]	Participants (Voluntary Override)	Participants (No Voluntary Override)	Override to Supervisor[(2)]
150% of Exchange Value	$ 485,205	$ 538,006	$ 52,801	$ 603,917	$ 66,946	$ 613,492	$ 679,436	$ 65,944
145% of Exchange Value	$ 469,065	$ 520,072	$ 51,007	$ 583,791	$ 64,710	$ 593,109	$ 656,788	$ 63,679
140% of Exchange Value	$ 452,925	$ 502,139	$ 49,214	$ 563,665	$ 62,474	$ 572,726	$ 634,140	$ 61,414
135% of Exchange Value	$ 436,785	$ 484,205	$ 47,421	$ 543,539	$ 60,238	$ 552,343	$ 611,492	$ 59,149
130% of Exchange Value	$ 420,644	$ 466,272	$ 45,627	$ 523,413	$ 58,001	$ 531,960	$ 588,844	$ 56,884
125% of Exchange Value	$ 404,504	$ 448,338	$ 43,834	$ 503,287	$ 55,765	$ 511,577	$ 566,197	$ 54,620
120% of Exchange Value	$ 388,364	$ 430,405	$ 42,040	$ 483,162	$ 53,529	$ 491,194	$ 543,549	$ 52,355
115% of Exchange Value	$ 372,224	$ 412,471	$ 40,247	$ 463,036	$ 51,293	$ 470,811	$ 520,901	$ 50,090
110% of Exchange Value	$ 356,084	$ 394,538	$ 38,454	$ 442,910	$ 49,057	$ 450,428	$ 498,253	$ 47,825
105% of Exchange Value	$ 339,994	$ 376,604	$ 36,660	$ 422,784	$ 46,820	$ 430,045	$ 475,605	$ 45,561
100% of Exchange Value	**$ 323,803**	**$ 358,670**	**$ 34,867**	**$ 402,658**	**$ 44,584**	**$ 409,662**	**$ 452,957**	**$ 43,296**
95% of Exchange Value	$ 307,663	$ 340,737	$ 33,074	$ 382,532	$ 42,348	$ 389,278	$ 430,309	$ 41,031
90% of Exchange Value	$ 291,523	$ 322,803	$ 31,280	$ 362,406	$ 40,112	$ 368,895	$ 407,662	$ 38,766
85% of Exchange Value	$ 275,383	$ 304,870	$ 29,487	$ 342,280	$ 37,876	$ 348,512	$ 385,014	$ 36,501
80% of Exchange Value	$ 259,243	$ 286,936	$ 27,694	$ 322,154	$ 35,639	$ 328,129	$ 362,366	$ 34,237
75% of Exchange Value	$ 243,103	$ 269,003	$ 25,900	$ 302,028	$ 33,403	$ 307,746	$ 339,718	$ 31,972
70% of Exchange Value	$ 226,962	$ 251,069	$ 24,107	$ 281,903	$ 31,167	$ 287,363	$ 317,070	$ 29,707
65% of Exchange Value	$ 210,822	$ 233,136	$ 22,314	$ 261,777	$ 28,931	$ 266,980	$ 294,422	$ 27,442
60% of Exchange Value	$ 194,682	$ 215,202	$ 20,520	$ 241,651	$ 26,695	$ 246,597	$ 271,774	$ 25,177
55% of Exchange Value	$ 178,542	$ 197,269	$ 18,727	$ 221,525	$ 24,458	$ 226,214	$ 249,126	$ 22,913
50% of Exchange Value	$ 162,402	$ 179,335	$ 16,934	$ 201,399	$ 22,222	$ 205,831	$ 226,479	$ 20,648

(1) Assumes that the enterprise value equals the percentage of exchange value noted in the relevant row.

(2) Represents override payable to Malkin Holdings LLC with respect to distributions out of capital proceeds per $10,000 original investment.

The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company s trading price following the IPO will be based on, among other things, the company s historical and future performance, its performance relative to its peers, market conditions generally and its continued seasoning in the public markets.

Q: What is the difference between how the exchange value was determined and how the enterprise value of the company will be determined?
A: In the prospectus/consent solicitation, there are descriptions of the exchange values of the subject LLCs and discussion of the enterprise value in valuing the consideration that participants will receive. The following summarizes how the exchange value and the enterprise value are determined.

The aggregate exchange value is the sum of the exchange values of each of the subject LLCs, private entities and the management companies. These exchange values were calculated by the independent valuer based on the Appraisal (after making certain adjustments). The description of the Appraisal is set forth under Reports, Opinions and Appraisals Appraisal and the adjustments to the Appraisal to calculate the exchange values is set forth under Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values.

The enterprise value is the value of the company after completion of the consolidation (but immediately before the IPO). While this prospectus/consent solicitation shows the value of the consideration that you would receive based on the exchange value solely for illustrative purposes, the actual value of your consideration will be based on the enterprise value. The enterprise value is the value of the company determined based on IPO price rather than the appraised value. The enterprise value will equal the total number of shares of common stock and total number of operating partnership units issuable in the consolidation (excluding any shares of common stock issued in the IPO, and assuming all participants in the private entities receive shares of common stock or operating partnership units and not cash) multiplied by the IPO price. The enterprise value will not be known until the IPO pricing date. The prospectus for the IPO will show the number of shares of common stock and operating partnership units outstanding immediately before the IPO (which may be different from the hypothetical number of shares calculated by dividing the aggregate exchange value by the $10 per share hypothetical price per share) and the IPO price.

The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. The Appraisal was undertaken in connection with establishing relative pre-consolidation value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and IPO.

Q: If my subject LLC consolidates with the company, may I choose to receive something other than operating partnership units?
A: Yes. Each participant will have the opportunity to receive operating partnership units in a transaction expected to be tax-deferred for U.S. federal income tax purposes. Each participant in the subject LLCs will receive operating partnership units, unless he or she elects to receive shares of Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock.

Table of Contents

Q: Will I receive a distribution of cash from my subject LLC at the closing of the consolidation?

A: The subject LLCs will distribute promptly following the closing any excess cash held by them at the time of the closing of the consolidation. The cash to be distributed by a subject LLC will be (i) any cash held by such entity at the closing in excess of the normalized level of net working capital for such entity, as determined by the supervisor, (ii) the consolidation expenses reimbursed by the operating partnership to the subject LLC at the closing of the consolidation out of proceeds of the IPO and (iii) overage rent that will have accrued through the date of the closing of the consolidation.

The following table shows, for each of the subject LLCs, the amount of cash at September 30, 2012 which would have been available for distribution by the subject LLCs (in addition to any amounts that would have been distributable out of accrued overage rent) had the closing occurred on such date; the amount of reimbursement for costs incurred in connection with the consolidation and the IPO out of the proceeds of the IPO entitled to be received by the subject LLCs as of September 30, 2012; total distributions by each subject LLC and to each participant per $10,000 original investment out of such excess cash (including such reimbursements); the payment under the voluntary pro rata reimbursement program per $10,000 original investment; the amount of cash distributions that would be received by participants who consent to the voluntary pro rata reimbursement program per $10,000 original investment and the additional proceeds to be received by participants from the class action settlement per $10,000 original investment.

	Available Cash	Reimbursement of Costs in Connection with the Consolidation and IPO	Total Distribution to Participants	Total Distribution to Participants per $10,000 Original Investment(1)	Payment under Voluntary Pro Rata Reimbursement Program per $10,000 Original Investment	Distribution to Participants Who Consent to the Voluntary Pro Rata Reimbursement Program per $10,000 Original Investment	Additional Proceeds to be Received by Participants from the Class Action Settlement per $10,000 Original Investment(2)
Empire State Building Associates L.L.C.	$ 3,350,000	$ 15,500,000	$ 18,850,000	$ 5,012	$ 1,029	$ 3,983	$ 9,840(3)
60 East 42nd St. Associates L.L.C.	$ 150,000	$ 3,600,000	$ 3,750,000	$ 5,357	$ 2,410	$ 2,947	$ 6,530
250 West 57th St. Associates L.L.C.	$ 380,000	$ 1,800,000	$ 2,180,000	$ 6,055	$ 2,080	$ 3,975	$ 6,370(4)

(1) The actual amount of distributions will be based on cash available at closing of the consolidation and no assurance can be given that these cash amounts will be available for distribution.

(2) The allocation of settlement proceeds from the class action settlement is in addition to the distributions shown elsewhere in this table. The allocation of net settlement proceeds (that is, net of any court-awarded attorneys fees and expenses) shown in the table is based on the current plan of allocation proposed by counsel for the class plaintiffs. The settlement and the allocation of settlement proceeds are approximate and subject to court approval, and the proposed allocation is subject to revision by counsel for the class. They are not effective until such court approval is final, including the resolution of any appeal.

(3) $8,350 per $10,000 original investment for participants not subject to voluntary capital override.

(4) $4,700 per $10,000 original investment for participants not subject to voluntary capital override.

Q: Who will pay transaction expenses relating to the consolidation and the IPO if the consolidation closes and the IPO is consummated, and who will pay the transaction costs relating to the consolidation and the IPO if the consolidation does not close?

A: If the company acquires the property of your subject LLC in the consolidation and the IPO is consummated, the company will bear all consolidation and IPO expenses. Your subject LLC will be reimbursed for the consolidation expenses previously paid by it out of the proceeds from the IPO and the amount reimbursed will be distributed to participants in your subject LLC. Each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. s allocable

9

share of the costs of the consolidation and IPO as of September 30, 2012 are $16,024,725, $4,286,205, and $2,232,502, respectively. The supervisor estimates that the aggregate costs of the consolidation and IPO will be approximately $75,000,000 and that each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. s allocable share of such aggregate costs will be approximately $18,600,000, $4,900,000 and $2,600,000, respectively. If the consolidation does not close or your subject LLC does not approve the consolidation, your subject LLC will bear its proportionate share of the consolidation and IPO expenses based on exchange values and will not be reimbursed for the consolidation and IPO expenses previously paid by it.

Q: What will I be entitled to receive if I don t vote **FOR** the consolidation and the consolidation proposal is approved by my subject LLC?
A: If you vote **AGAINST** the consolidation, you do not vote or you **ABSTAIN**, and your subject LLC participates in the consolidation, if you are a participant in 250 West 57th St. Associates L.L.C., you will receive operating partnership units, unless you elect to receive shares of Class A common stock or, to a limited extent, as described in response to the immediately preceding question, Class B common stock, and, as set forth under the section entitled Summary Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal, if you are a participant in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C., your participation interests will be subject to a buyout pursuant to a buyout right included in the participating agreements since inception of the subject LLCs, even if the consolidation is not consummated or the consolidation is not approved by the other participating groups in your subject LLC. The buyout amount for your interest would be substantially lower than the exchange value. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively. Prior to an agent purchasing the participation interests of non-consenting participants for the benefit of the applicable subject LLC, the agent will give such participants not less than ten days notice after the required supermajority consent is received by the applicable participating group in such subject LLC to permit them to consent to the consolidation or the third-party portfolio proposal, as applicable, in which case their participation interests will not be purchased.

Q: Who is the supervisor?
A: The supervisor of the subject LLCs, Malkin Holdings LLC, provides all asset management services for, and supervises the operations of, the subject LLCs. Anthony E. Malkin and Peter L. Malkin are principals of the supervisor. The supervisor, which is related to the principals who formed the subject LLCs, was appointed as the supervisor of the subject LLCs pursuant to the original partnership agreement of each of the subject LLCs and is the only party which has performed, and is authorized to perform, this role under the subject LLCs organizational documents. The supervisor is controlled and managed by lineal descendants of the founder of the subject LLCs, Lawrence A. Wien. The members of the supervisor are Peter L. Malkin, Anthony E. Malkin, direct descendants of Peter L. Malkin, and trusts and entities, the beneficiaries and owners of which are Peter L. Malkin, his descendants and their spouses, and Thomas N. Keltner, Jr. The subject LLCs were originally established as partnerships with no managing general partner or managing member and the supervisor is responsible for the operations and administrative functions on behalf of the subject LLCs. The supervisor, in its capacity as supervisor of each of the subject LLCs, provides and directs all administrative and oversight services. The supervisor also provides similar services to the private entities, including the private entities that hold operating lease interests in the properties owned by the subject LLCs.

Table of Contents

Q: What are the rights of holders of Class A common stock and Class B common stock?

A: Each share of Class A common stock entitles the holder to one vote. Operating partnership units have economic rights similar to the Class A common stock but do not have the right to vote on matters presented to holders of Class A common stock and Class B common stock. The participants in the subject LLCs have an option to elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Accredited investors in the private entities and the management companies had the same option at the time they made their election of consideration in the private solicitation. The Class B common stock provides its holder with a voting right that is no greater than if such holder had received solely Class A common stock in the consolidation. Each outstanding share of Class B common stock entitles the holder to 50 votes on all matters on which the stockholders of Class A common stock are entitled to vote, including the election of directors, and holders of shares of Class A common stock and Class B common stock will vote together as a single class. Each share of Class B common stock has the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. One share of Class B common stock may be converted into one share of Class A common stock at any time, and one share of Class B common stock is subject to automatic conversion into one share of Class A common stock upon a direct or indirect transfer of such share of Class B common stock or certain transfers of the operating partnership units held by the holder of Class B common stock (or a permitted transferee) to a person other than a permitted transferee.

Q: What are the rights of holders of operating partnership units, and when are operating partnership units exchangeable for shares of common stock?

A: Holders of operating partnership units and stockholders of the company will have the same rights to distributions. Holders of operating partnership units will not have the right to vote on matters presented to holders of common stock. Participants will have the right to elect to receive Class B common stock, which vote together as a class with the Class A common stock, in lieu of a portion of the operating partnership units issuable to them, as described in response to the immediately preceding question.

Beginning 12 months after the completion of the IPO, each holder of operating partnership units will have the right, subject to the terms and conditions set forth in the operating partnership agreement, to require the operating partnership to redeem all or a portion of its operating partnership units for a cash amount equal to the then-current market value of one share of Class A common stock per operating partnership unit, or, at the company s election, to exchange each such operating partnership unit for a share of Class A common stock on a one-for-one basis.

The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs, other than the Wien group. The operating partnership units of each of these series are expected to be separately listed on the NYSE and traded separately. In addition, a separate series of operating partnership units, which will not be listed on a national securities exchange, will be issued to the participants in the private entities and the Wien group. Each series of operating partnership units has identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership. The four series vote together as a single class on all matters on which the holders of operating partnership units have the right to vote or consent. The separate series were created because there are unique U.S. federal income tax consequences to the participants receiving each series of listed operating partnership units (as compared to ownership of operating partnership units of another series) depending on the subject LLC in which they have an interest and the tax aspects of the property contributed by such entity. By issuing the operating partnership units in separate series, each of the operating partnership units in a series that will be trading on the NYSE is expected to be uniform with other operating partnership units of that series with regard to distributions, liquidation and other rights as a limited partner in the operating partnership.

Table of Contents

Q: When can I sell operating partnership units or shares of Class A common stock of the company after the consolidation and the IPO?
A: After the consolidation and the IPO, each participant (except the Malkin Family, whose members are subject to a longer restrictive period in which they cannot sell) will have the ability to sell up to 50% of both the operating partnership units and common stock received in the consolidation at any time after the 180th day following the IPO pricing date and the balance of the operating partnership units and Class A common stock 12 months after the IPO pricing date. This includes Class A common stock issuable in exchange for operating partnership units, which are only issuable in exchange for operating partnership units beginning 12 months after the completion of the IPO, and Class B common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing. Participants in the subject LLCs who receive operating partnership units may also sell operating partnership units, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock.

Q: Will I be able to transfer the operating partnership units and shares of Class A common stock I receive in the consolidation?
A: As limited partners of the operating partnership or stockholders of the company, participants will own operating partnership units and Class A common stock, as applicable, which are expected to be listed on the NYSE, and therefore will be publicly valued and freely tradable. Participants will be able to achieve liquidity by selling all or part of their shares of Class A common stock, subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to such restrictions. Participants in the subject LLCs who receive operating partnership units may also sell operating partnership units, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing.

Q: Why is the company entering into the IPO?
A: The IPO is an integral part of the consolidation, the reasons for which are described in response to the immediately preceding question. The supervisor believes that the IPO will provide liquidity by exchanging the current, illiquid interests held by participants for shares of Class A common stock (or operating partnership units or to a limited extent, as described herein, Class B common stock exchangeable for Class A common stock) expected to be listed on the NYSE, which investors may sell from time to time as and when they so desire (subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation). There is expected to be an active trading market in the Class A common stock as a result of the IPO. The supervisor also believes the consolidated entity will have access to additional sources of capital. The company intends to use the proceeds from the IPO (i) to provide cash consideration in the consolidation to the non-accredited investors in the private entities in an estimated amount equal to $85.3 million, (ii) to pay fees and other

expenses of the consolidation and the IPO (including in connection with the assumption of indebtedness), in an estimated amount equal to $155.0 million, (iii) to repay a loan made by investors in one of the private entities, including Anthony E. Malkin and Peter L. Malkin, to such private entity, in an amount equal to $3.6 million, (iv) to pay transfer taxes and other expenses and for general working capital purposes, in an estimated amount equal to $84.2 million, and (v) with respect to the balance of the net proceeds, to provide cash consideration to the Helmsley estate and other charitable organizations, to provide them cash in lieu of common stock or operating partnership units in an amount estimated to equal $671.9 million. The estimated amounts shown in the preceding sentences assume that the net proceeds from the IPO are equal to the assumed net proceeds set forth in the pro forma financial statements. If additional shares of Class A common stock are sold in the IPO, the net proceeds will be used to pay additional cash in lieu of common stock or operating partnership units to the Helmsley estate and other charitable organizations. See the unaudited pro forma financial information for the company beginning on page F-5 of this prospectus/consent solicitation.

Q: What discretion does the supervisor and the Helmsley estate have not to proceed with the IPO?

A: The company will proceed with the IPO only if the IPO is approved by a pricing committee formed in connection with the IPO. The pricing committee will have the authority to evaluate market conditions, determine the desirability of continuing to pursue the IPO and approve the price and terms of the IPO, based, in part, on discussions with the underwriters retained for the IPO. The pricing committee will consist of representatives of the supervisor and a representative of the Helmsley estate, who must act unanimously to approve the IPO. Accordingly, the supervisor and the Helmsley estate each have the discretion to determine whether the IPO will proceed. If the IPO does not close, the consolidation will not close.

Q: What are the conditions for the consolidation to close?

A: The following conditions must be satisfied to consummate the consolidation of the subject LLC: (i) requisite consent of the participants in the subject LLC must have been received; (ii) the closing of the IPO and the listing of the three series of operating partnership units issued to participants in the subject LLCs and Class A common stock on the NYSE or another national securities exchange; (iii) the closing of the consolidation no later than December 31, 2014; (iv) the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building, and (v) other customary conditions. The consolidation is not conditioned on any of the other subject LLCs or private entities contributing their property interests to the company in the consolidation.

Q: Has the company received consents from the private entities and the management companies for the consolidation?

A: All required consents of the private entities and the management companies, including the consents of the Wien group and the interests of the estate of Leona M. Helmsley (which is referred to herein as the Helmsley estate), to the acquisition by the company of the assets of the private entities and the management companies have been obtained prior to the date of this prospectus/consent solicitation. In addition, the Wien group collectively owns participation interests in the subject LLCs and has advised that it will vote in favor of the consolidation and the third-party portfolio proposal. These participation interests held by the Wien group represent the following percentage ownership for each subject LLC: 8.195% for Empire State Building Associates L.L.C., 8.447% for 60 East 42nd St. Associates L.L.C. and 8.912% for 250 West 57th St. Associates L.L.C. In addition to the participation interests, members of the Wien group hold override interests, which are non-voting. See Background of and Reasons for the Consolidation Background of the Subject LLCs.

Table of Contents

Q: Have there been prior transactions that are comparable to the consolidation?

A: The proposed consolidation and IPO include many elements that generally are not present in other transactions. These elements include the acquisitions of properties and assets from more than 20 private entities and the three publicly registered entities, the acquisition of the properties from the subject LLCs in a transaction in which the securities are being registered on a Registration Statement on Form S-4 that is subject to the SEC s roll-up regulations, certain of the subject LLCs and the private entities having a two-tier ownership structure, and an IPO by the company following completion of the solicitation of the participants in the subject LLCs and simultaneously with the closing of the consolidation. As a result, the supervisor believes that the consolidation is a unique transaction and is not aware of any comparable transaction.

Q: When will the buyout provisions be triggered?

A: The buyout provisions for Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. are triggered only if a supermajority consent is received with respect to either the consolidation or the third-party portfolio transaction by the applicable participating group. Unanimity on the consents is required pursuant to the organizational documents of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. with respect to both the consolidation and the third-party portfolio proposal for the consent of a participating group; therefore, a participant in either of such subject LLCs who does not vote in favor of such proposal **(and does not change his or her vote after notice that the requisite supermajority consent has been obtained)** will be subject to this buyout regardless of whether either or neither transaction is consummated or the required consent of other participating groups is received. If the required supermajority consent is not received by the applicable participating group, participants cannot and will not be subject to the buyout provisions. Thus, a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C. would be subject to a buyout if such participant:

votes **AGAINST** or **ABSTAINS** with respect to the consolidation, and the supermajority consent from participants in such participant s participating group is obtained with respect to the consolidation, and votes **FOR** the third-party portfolio transaction;

votes **AGAINST** or **ABSTAINS** with respect to the third-party portfolio transaction, and the supermajority consent from participants in such participant s participating group is obtained with respect to the third-party portfolio transaction, and votes **FOR** the consolidation;

votes **AGAINST** or **ABSTAINS** with respect to the consolidation and votes **AGAINST** or **ABSTAINS** with respect to the third-party portfolio transaction, and the supermajority consent from participants in such participant s participating group is obtained with respect to either or both proposals; or

does not vote and the supermajority consent from participants in such participant s participating group is obtained with respect to either or both proposals.

For a description of the procedures for a participant to change his or her vote after receipt of the buyout notice, see Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal Required Vote for the Consolidation Proposal and the Third-Party Portfolio Proposal and Other Conditions.

Q: What is a REIT, and why will the company elect to be a REIT?

A: A REIT is an entity that has elected and qualifies to be taxed as a real estate investment trust under the Internal Revenue Code of 1986, as amended, referred to herein as the Code. A REIT is subject to requirements under the Code related to, among other things, the nature of its income and the composition of its assets, the amount of its annual distributions, and the diversity of its stock ownership. The primary benefit of REIT qualification is that a REIT is generally entitled to a deduction for dividends that it pays

Table of Contents

and, therefore, is not subject to U.S. federal corporate income tax on its net income distributed to its stockholders if it distributes its net taxable income to its stockholders on an annual basis. Therefore, upon a distribution of dividends by the company to its stockholders, income generated by the company will be taxed only at the stockholder-level. By contrast, a non-REIT C corporation is subject to U.S. federal corporate income tax on its taxable income without regard to dividends paid, and its stockholders are subject to U.S. federal income tax on dividends received.

Q: What is the scope of the public U.S. REIT market?
A: According to the National Association of Real Estate Investment Trusts, as of December 13, 2012, there were approximately 154 REITs in the U.S. that trade on one of the major stock exchanges, with 144 trading on the NYSE. Total equity market capitalization was approximately $578 billion.

Q: What is the operating partnership?
A: The structure of the company generally is referred to as an UPREIT structure. Substantially all of the company s assets will be held directly or indirectly by the operating partnership. Holders of operating partnership units and stockholders of the company will have the same rights to distributions. This structure generally will enable the company to acquire assets in transactions that will not trigger the recognition of gain to the owners of the acquired assets, assuming certain conditions are met.

The company will be the sole general partner of the operating partnership. As such, the company generally has the exclusive power under the operating partnership agreement to manage and conduct the business of the operating partnership, without the consent of the holders of operating partnership units or the stockholders.

The operating partnership units will be owned by the company and by any person who transfers interests or assets to the operating partnership or one of its subsidiaries in exchange for operating partnership units, including participants in the private entities and the Malkin Holdings group that will be issued operating partnership units as part of the consolidation in exchange for their participation interests and override interests in the private entities and the subject LLCs and their interests in certain of the management companies, as applicable. The company will own one operating partnership unit for each outstanding share of common stock.

Q: Why am I being asked to consent to a third-party portfolio proposal?
A: As a potential alternative to the consolidation, you also are being asked to consent to the sale or contribution of the subject LLC s property interest as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party. Through solicitation of consents, for the first time the properties owned by the subject LLCs and the private entities can be joined as a single portfolio. While the supervisor believes the consolidation and IPO represent the best opportunity for participants in the subject LLCs and the private entities to achieve liquidity and to maximize the value of their respective investments, the supervisor also believes it is in the best interest of all participants for the supervisor to be able to approve offers from unaffiliated third parties for the portfolio as a whole.

Market forces are dynamic, unpredictable, and subject to volatility. Should the public awareness of the proposed consolidation and IPO produce potential compelling offers from unaffiliated third parties to purchase the consolidated portfolio, it will be costly and time consuming to solicit consents to allow a sale or contribution of the portfolio to a third party, and there is considerable risk that any opportunity which might appear would be lost without the requested consent in place. Therefore, the supervisor believes that it is advisable to have the flexibility and discretion, subject to certain conditions, to accept an offer for the entire portfolio of properties from an unaffiliated third party, rather than pursue the consolidation and IPO, if the supervisor determines the offer price includes what the supervisor believes is an adequate premium above the value that is expected to be realized over time from the consolidation. The third-party portfolio

Table of Contents

transaction would be undertaken only if the aggregate consideration payable in the third-party portfolio transaction is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. Any third-party portfolio proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family will have the right to elect to receive securities only on the same proportional basis as other participants. No member of the Malkin Family will be an affiliate, consultant, employee, officer or director of the acquiror after the closing or receive any compensation from the acquiror (other than consideration that they will receive in the third-party portfolio transaction). In addition, the supervisor has agreed that it will not accept a third-party offer unless it is unanimously approved by a committee which will include representatives of the supervisor and a representative of the Helmsley estate. The supervisor will be authorized to approve offers only if definitive agreements are entered into prior to December 31, 2015 or such earlier date as the supervisor may set with or without notice or public announcement.

Q: What will I be entitled to receive if I don t vote **FOR** the third-party portfolio proposal and it is approved by my subject LLC?
A: If you vote **AGAINST** the third-party portfolio proposal, you do not vote or you **ABSTAIN**, and your subject LLC participates in the third-party portfolio proposal, if you are a participant in 250 West 57th St. Associates L.L.C. you will receive the same consideration as other participants. Participants in 250 West 57th St. Associates L.L.C. are not subject to a buyout. As set forth under the section entitled Summary Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal, if you are a participant in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C., your participation interests will be subject to a buyout pursuant to a buyout right included in the participating agreements since inception of the subject LLCs even if the third-party portfolio proposal is not approved by the other participating groups in your subject LLC. The buyout amount for your interest would be substantially lower than the exchange value in connection with the allocation of consideration in the consolidation. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively. Prior to an agent purchasing the participation interests of non-consenting participants for the benefit of the applicable subject LLC, the agent will give such participants not less than ten days notice after the required supermajority consent is received by the applicable participating group in such subject LLC to permit them to consent to the consolidation or the third-party portfolio proposal, as applicable, in which case their participation interests will not be purchased and you will participate on the same basis as other participants who approve the third-party portfolio proposal.

Q: Why am I being asked to consent to a voluntary pro rata reimbursement program?
A: You are being asked to consent to a voluntary pro rata reimbursement program pursuant to which the supervisor and Peter L. Malkin, a principal of the supervisor, will be reimbursed for the prior advances of all costs, plus interest, incurred in connection with the legal proceedings with Helmsley-Spear, Inc., the former property manager and leasing agent, which resulted in the removal of the former property manager and leasing agent as property manager and leasing agent of the properties owned by the subject LLCs and certain of the private entities and has enabled a renovation and repositioning turnaround program to be implemented by the supervisor. If you consent to the voluntary pro rata reimbursement program, the supervisor and Peter L. Malkin will be reimbursed for your pro rata share of costs, plus interest, previously incurred out of your share of the excess cash of your subject LLC that is being distributed to participants,

Table of Contents

and, to the extent that is insufficient, the consideration that you would receive in the consolidation or the consideration that you would receive in a third-party portfolio transaction, as applicable, will be reduced by the balance (valued, if the consolidation is consummated, at the IPO price) and such balance would be paid to the supervisor and Peter L. Malkin in shares of Class A common stock, if the consolidation is consummated, or out of distributions that you would receive from the proceeds of a third-party portfolio transaction, if consummated, or out of distributions from operations of the subject LLC.

The table below shows the amount to be received by the supervisor out of the distributions of each consenting participant for each $10,000 of original investment by a participant pursuant to the voluntary pro rata reimbursement program:

	Voluntary Reimbursement	
	Per $10,000 Original Investment(1)	Total Potential Reimbursement with 100% Participation
Empire State Building Associates L.L.C.	$ 1,029	$ 3,396,880
60 East 42nd St. Associates L.L.C.	$ 2,410	$ 1,687,101
250 West 57th St. Associates L.L.C.	$ 2,080	$ 748,704

(1) Empire State Building Associates L.L.C. s, 60 East 42nd St. Associates L.L.C. s and 250 West 57th St. Associates L.L.C. s share of the aggregate voluntary reimbursement (before any reimbursements) is $3,150,896, $1,564,930, and $694,487, respectively, plus interest. The amount shown in the table includes accrued interest through September 30, 2012 and does not include interest which will accrue subsequent to September 30, 2012.

97% of the potential voluntary reimbursement is attributable to advances by Peter L. Malkin for payments to unaffiliated third parties, with interest thereon at prime, and 3% is for amounts to be paid to the supervisor for work it performed.

The Helmsley estate, as part of an agreement with the supervisor covering this and other matters, has paid the voluntary pro rata reimbursement to the supervisor for its pro rata share of costs advanced, plus interest, which totaled $5,021,048.

To consent to this proposal, simply indicate on the enclosed consent form that you want to consent to this proposal, then sign and submit the consent form by mail in the accompanying postage-paid envelope or by facsimile as soon as possible. If you **CONSENT** to the voluntary pro rata reimbursement program, your consent is made only with respect to your participation interest, and your participation in the program is not dependent on the consent of any other participant. If you sign and send in your consent form and do not indicate that you want to consent, you will be counted as **NOT** consenting to this proposal. If you indicate on your consent form that you **ABSTAIN**, you will be counted as **NOT** consenting to this proposal.

The withholding of your consent or your failure to consent to the voluntary pro rata reimbursement program will not result in any buyout of your participation interests.

Q: Who can vote on the consolidation and third-party portfolio proposal?

A: Participants in each subject LLC who hold participation interests in such subject LLC during the consent solicitation period are entitled to vote **FOR** or **AGAINST** each of the proposed consolidation and the third-party portfolio proposal with respect to such subject LLC. In the event of a transfer of a participation interest that previously has been voted, that vote will remain in effect unless revoked by the transferee.

The Wien group collectively owns participation interests in the subject LLCs and has advised that it will vote in favor of the consolidation and the third-party portfolio proposal. These participation interests represent the following percentage ownership for each subject LLC: 8.195% for Empire State Building Associates L.L.C., 8.447% for 60 East 42nd St. Associates L.L.C. and 8.912% for 250 West 57th St. Associates L.L.C. In addition to the participation interests, members of the Wien group hold override interests which are non-voting. See Background of and Reasons for the Consolidation Background of the Subject LLCs.

Table of Contents

Q: What is the required vote for the consolidation proposal and the third-party portfolio proposal?
A: For each of the consolidation proposal and the third-party portfolio proposal to be approved, participants holding 100% of the outstanding participation interests in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. must approve that proposal, and participants holding greater than 75% of the outstanding participation interests in eight out of the ten participating groups of 250 West 57th St. Associates L.L.C. must approve that proposal. If you are a participant in 250 West 57th St. Associates L.L.C., approval by the required vote of the participants in 250 West 57th St. Associates L.L.C. in favor of a proposal will be binding on you, even if you vote **AGAINST** such proposal.

If holders of 80% of the participation interests in any of the three participating groups in Empire State Building Associates L.L.C. or holders of 90% of the participation interests in any of the seven participating groups in 60 East 42nd St. Associates L.L.C. approve the consolidation or third-party portfolio proposal, as shown in the tabulation of consents by MacKenzie Partners, Inc., pursuant to a buyout right included in the participating agreements, the agent of any such participating group will purchase on behalf of the subject LLC the participation interest of any participant in such participating group that voted **AGAINST** the consolidation or the third-party portfolio proposal or **ABSTAINED**, as applicable, or that did not submit a consent form, even if the proposal is not approved by the other participating groups in such subject LLC, unless such participant consents to the proposal within ten days after receiving written notice that the required supermajority consent has been received by such participant s participating group, for the buyout amount. A participant that changes his or her vote after receipt of the buyout notice will receive consideration on the same basis as other participants who approved the consolidation proposal or the third-party portfolio proposal.

Because consent of the agents for each of the participating groups is required for Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C., if any one of the three participating groups in Empire State Building Associates L.L.C. or any one of the seven participating groups in 60 East 42nd St. Associates L.L.C. does not approve the consolidation proposal or the third-party portfolio proposal, the proposal will not be approved by the relevant subject LLC.

Q: How do I vote **FOR** the consolidation and the third-party portfolio proposal?
A: Simply indicate on the enclosed consent form how you want to vote for each proposal, then sign and submit the consent form by mail in the accompanying postage-paid envelope or by facsimile as soon as possible so that your participation interest may be voted **FOR** or **AGAINST** each proposal. If you sign and send in your consent form and do not indicate how you want to vote on either one of these proposals, your consent will be counted as a vote **FOR** such proposal. If you do not submit your consent form or you indicate on your consent form that you **ABSTAIN** from either proposal, it will have the effect of voting **AGAINST** such proposal. If you vote **FOR** the consolidation and your subject LLC participates in the consolidation, you effectively will preclude other alternatives, other than a third-party portfolio transaction, unless you vote **AGAINST** the third-party portfolio proposal. These alternatives include continuation of your subject LLC and a sale of your subject LLC s interest in the property and the resulting distribution of the net proceeds to its participants. Each of these proposals is subject to a separate consent and approval of each proposal is not dependent on approval of any other proposal.

Q: Can I change my vote on the consolidation proposal or the third-party portfolio proposal after I submit my consent form?
A: Yes. You can change your vote on the consolidation proposal, the third-party portfolio proposal, or both, at any time before the later of the date that consents from participants holding the required percentage interests in your participating group are received and the 60th day after the date of this prospectus/consent solicitation, as described in further detail in response to the next question. In addition, participants in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. that voted against the consolidation proposal, the third-party portfolio proposal, or both, or abstained from either or both of those proposals, will

Table of Contents

be notified and may change their vote within ten days of receiving notice that the subject LLC has received consents from participants holding the required percentage interests. The required percentage interests for Empire State Building Associates L.L.C. is 80% of the outstanding participation interests in each of the three participating groups, for 60 East 42nd St. Associates L.L.C. is 90% of the outstanding participation interests in each of the seven participating groups and for 250 West 57th St. Associates L.L.C. is 75% of the outstanding participation interests in eight out of the ten participating groups. As of September 30, 2012, each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. had 2,878, 857, and 640 total participants holding 3,300, 700, and 720 total participation interests, respectively.

As of September 30, 2012, the following numbers of participation interests were held by the number of participants in each subject LLC s participating groups:

Empire State Building Associates L.L.C.	**Number of Participants**	**Number of Participation Interests Held(1)**
Participating Group 1.	1,156	1,100
Participating Group 2	1,146	1,100
Participating Group 3	1,152	1,100

(1) Based on an original investment per participation interest of $10,000.

60 East 42nd St. Associates L.L.C.	**Number of Participants**	**Number of Participation Interests Held(1)**
Participating Group 1.	129	100
Participating Group 2	148	100
Participating Group 3	131	100
Participating Group 4.	132	100
Participating Group 5	144	100
Participating Group 6	137	100
Participating Group 7.	144	100

(1) Based on an original investment per participation interest of $10,000.

250 West 57th St. Associates L.L.C.	**Number of Participants**	**Number of Participation Interests Held(1)**
Participating Group 1.	46	72
Participating Group 2	73	72
Participating Group 3	89	72
Participating Group 4.	63	72
Participating Group 5	84	72
Participating Group 6	73	72
Participating Group 7.	66	72
Participating Group 8.	58	72
Participating Group 9	87	72
Participating Group 10	69	72

(1) Based on an original investment per participation interest of $5,000.

You can change your vote in one of two ways: you can send the company a written statement that you would like to change your vote, or you can send the company a new consent form. Any change in your vote or new consent form should be sent to MacKenzie Partners, Inc., the vote tabulator, by mail or facsimile, as described below.

Table of Contents

Q: What is the process by which I may change my vote on the consolidation proposal or the third-party portfolio proposal?
A: You may change your vote at any time before the later of the date that consents from participants holding the required percentage interest in your participating group are received and the 60th day after the date of this prospectus/consent solicitation. In addition, a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C. that does not consent to (or who abstains from or does not vote with respect to) the consolidation or the third-party portfolio proposal, as applicable, may also change his or her vote to consent to the consolidation or the third-party portfolio proposal, as applicable, within ten days after the notice that the required supermajority consent from the participants in such participant s participating group has been received with respect to such proposal is sent, as described below.

A participant can change his or her vote by sending to MacKenzie Partners, Inc., the vote tabulator, (i) a written statement that he or she would like to change his or her vote, or (ii) a new consent form, in either case, by mail, to 105 Madison Avenue, NY, NY 10016, or by facsimile, to (212) 929-0308. Either MacKenzie Partners, Inc. or the supervisor will send to the participant a written acknowledgment by facsimile or, if requested by the participant, mail, that the participant s vote has been changed promptly following receipt of a changed vote. Participants may call MacKenzie Partners, Inc. during the solicitation period to check whether or not the required supermajority consent from the participants in such participant s participating group has been received, or to confirm that such participant s changed vote has been received.

If a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C. votes **AGAINST** the consolidation or the third-party portfolio proposal, **ABSTAINS** or does not submit a consent form and the supermajority consent of his or her participating group is received, the agent for his or her participating group will provide the written buyout notice, stating that such supermajority consent from the participants in such participant s participating group has been received to the participant following the expiration of the solicitation period, as the same may be extended.

The following is a hypothetical example illustrating the general timeline for this process:

DAY 1: the prospectus/consent solicitation is mailed to participants

DAY 46: the required supermajority consent for the consolidation is received by the participating group

DAY 47: the required supermajority consent for the third-party portfolio transaction is received by the participating group

DAY 61: the solicitation period expires; for the applicable participating group in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C., the buyout notice that such supermajority consent from the participants in the applicable participating group has been received is mailed to participants who voted **AGAINST** or **ABSTAINED** on the consolidation or the third-party portfolio transaction, or did note vote.

DAY 71: expiration of 10-day period during which participants may change their vote to **FOR**.

Q: Are there tax consequences as a result of the consolidation?

A: It is expected that the consolidation should be treated for U.S. federal income tax purposes as follows:

(i) If you receive solely shares of Class A common stock, the consolidation should be treated as a taxable sale of your participation interest in which gain or loss is recognized. Such gain or loss should generally equal the difference between your amount realized (which generally will equal the amount of the aggregate fair market value of shares of common stock that you receive, plus any distribution you receive of consolidation expenses that the operating partnership pays as a reimbursement to your subject LLC, plus the share of liabilities associated with your participation interests that you are deemed to be relieved of under U.S. federal income tax law) and your adjusted tax basis in your participation interests. You will realize phantom income if you have a negative capital account with respect to your participation interest. In each of 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C., original participants have a negative capital account. If you are an individual or a partnership for New York State personal income tax purposes, any gain that you recognize in the consolidation will generally be treated as New York source income for New York State personal income tax purposes. As a result, you (or, if you are a partnership, any of your partners who are individuals) will generally be subject to New York State personal income tax on such gain even if you are treated as a New York nonresident for purposes of the New York State personal income tax. The New York City personal income tax should not apply to individuals who are treated as New York City nonresidents for purposes of the tax. If all of your participation interest is exchanged for Class A common stock pursuant to the consolidation, suspended passive activity losses associated with your participation interest, if any, may be eligible for treatment as losses that are not from a passive activity to the extent that they exceed income and gains from passive activities for your taxable year that includes the consolidation.

(ii) If you receive solely operating partnership units, or if you receive a combination of (a) operating partnership units and (b) shares of common stock that do not exceed your allocable share, after certain adjustments, of certain qualified capital expenditures of the subject LLC, as further described under U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Receipt of Operating Partnership Units (the reimbursement amount), the consolidation should be treated as a tax-deferred contribution by the subject LLC of the subject LLC s property to the operating partnership in exchange for operating partnership units and common stock as a reimbursement of certain qualified capital expenditures, followed by a tax-deferred distribution of such operating partnership units and common stock to you. You should not generally recognize gain unless (i) the disguised sale rules of the Code apply, (ii) you are deemed to receive a constructive distribution of cash in excess of your tax basis in your operating partnership units under Sections 731 and 752(b) of the Code due to a reduction in your share of partnership liabilities or (iii) you have at-risk recapture income under Section 465(e) of the Code. To the extent that you do not recognize gain in the consolidation for U.S. federal income tax purposes, you also generally should not recognize gain for purposes of the New York State personal income tax and, if applicable, the New York City personal income tax.

(iii) If you receive a combination of (a) operating partnership units and (b) shares of common stock in excess of your reimbursement amount, you should be treated as first selling a portion of your participation interest for such excess shares of common stock in a transaction in which gain or loss is recognized. Following such sale, the subject LLC should be treated as contributing the portion of its property not attributable to participation interests otherwise treated as having been sold to the operating partnership in exchange for operating partnership units and common stock as a reimbursement of qualified capital expenditures in a tax-deferred contribution, and the subject LLC should be treated as distributing operating partnership units and shares of common stock equal to your reimbursement amount to you in a tax-deferred distribution.

If you consent to the voluntary pro rata reimbursement program, you may be treated as receiving shares of common stock that you would otherwise receive in the consolidation and immediately transferring such shares of common stock to the supervisor as a reimbursement payment. For this purpose, even if you elect to receive solely operating partnership units in the consolidation, you should be treated as receiving shares of common stock equal to the amount that you are treated as transferring to the supervisor as a reimbursement payment. Accordingly, the gain or loss that you recognize in the consolidation transaction should take into account your deemed receipt of such common stock. You should be entitled to deduct the value of the shares of common stock that you are deemed to pay to the supervisor as an expense associated with your participation interest in your subject LLC. This deduction should offset the amount of gain you recognize, or

Table of Contents

increase the amount of losses you would otherwise recognize, as a result of your deemed receipt of shares of common stock. However, this deduction may be subject to certain limitations depending on your individual circumstances and may be required to be capitalized, and you should consult with your tax advisor regarding your ability to utilize all or a portion of this deduction for U.S. federal income tax purposes. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Considerations of the Voluntary Pro Rata Reimbursement Program for the Former Property Manager and Leasing Agent Legal Proceedings.

Participants should carefully review U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation. Participants should consult with their tax advisors with regard to the U.S. federal income tax, New York State personal income tax and New York City personal income tax consequences of receiving operating partnership units or common stock in exchange for their participation interests in their particular circumstances.

Q: In addition to this prospectus/consent solicitation, I received a supplement. What is the difference between this prospectus/consent solicitation and the supplement?

A: The purpose of this prospectus/consent solicitation is to describe the consolidation generally and to provide you with a summary of the investment considerations generally applicable to all of the subject LLCs. The purpose of the supplement is to describe the investment considerations particular to your subject LLC.

After you read this prospectus/consent solicitation, the supervisor urges you to read the supplement. The supplement contains information particular to your subject LLC. This information is material in your decision whether to vote **FOR** or **AGAINST** the consolidation.

Q: When do you expect the consolidation to be completed?

A: The company plans to complete the consolidation as soon as possible after the receipt of the approval by the required vote of your subject LLC s participants and the approval by the required vote of the other subject LLCs participants, conditioned on the closing of the IPO. The company is unable to estimate the closing date of the consolidation and has required that it be completed no later than December 31, 2014. Your consent form must be received by , 2012, unless the supervisor extends the solicitation period. The supervisor reserves the right to extend on one or more occasions the solicitation period for one or more proposals for one or more subject LLCs or one or more participating groups in a subject LLC without extending for other proposals, subject LLCs or participating groups whether or not it has received approval for the consolidation or the third-party portfolio proposal.

If the consolidation is approved, the contribution agreements require that the consolidation be consummated by December 31, 2014. There could be significant changes in the value of the company between the date that the consents are received and the date of consummation of the consolidation. The contribution agreements use a formula to ascribe value to the subject LLCs, the private entities, and the management companies based, in part, on the relative exchange values of the subject LLCs, the private entities, and the management companies determined as of June 30, 2012 and effectively locks in the relative values of the subject LLCs, the private entities, and the management companies for purposes of the consolidation, whenever consummated. The consents will not be affected by any change in value, including any change in the relative value of a subject LLC as compared to the value of other subject LLCs, private entities or the management companies. The consolidation may be consummated regardless of how significant such changes are and may be consummated notwithstanding such changes.

Q: If I own participation interests in more than one subject LLC, what should I do?

A: For each subject LLC in which you own a participation interest, in the same mailing in which you received this prospectus/consent solicitation you have received a transmittal letter, supplement and consent form which provides for vote with respect to the consolidation proposal and the third-party portfolio

Table of Contents

proposal. Regardless of how many subject LLCs in which you own a participation interest, you have received a single copy of the prospectus/consent solicitation. Participants in each subject LLC will vote separately on whether or not to approve the consolidation. Accordingly, if you hold participation interests in more than one subject LLC, you must complete one consent form for each subject LLC in which you are a participant.

Q: Information in this prospectus/consent solicitation is based on a $10,000 original investment. Where can I find information about my actual original investment?

A: Information is presented in this prospectus/consent solicitation based on a $10,000 original investment to allow participants to determine the effect on them individually. Information regarding the amount of your actual original investment will be provided on the consent form sent to you.

Table of Contents

WHO CAN HELP ANSWER YOUR QUESTIONS?

If you have more questions about the consolidation or would like additional copies of the prospectus/consent solicitation or the supplement relating to your subject LLC(s) (which will be provided at no cost), you should contact the person designated on the consent form sent to you.

Table of Contents

SUMMARY

This summary highlights information contained elsewhere in this prospectus/consent solicitation and may not contain all of the information regarding the consolidation that is important to you. To understand the consolidation and the third-party portfolio proposal fully and for a more complete description of the terms of and risks related to the consolidation and the third-party portfolio proposal, you should read carefully this entire prospectus/consent solicitation, the accompanying supplement relating to your subject LLC, the accompanying transmittal letter and the other documents to which the supervisor or the company, as applicable, has referred you, including the appendices and documents incorporated into this prospectus/consent solicitation by reference. See Where You Can Find More Information.

Purpose of this Prospectus/Consent Solicitation

You are being requested to approve the consolidation in which your subject LLC will contribute its assets to the company as part of the consolidation in exchange for operating partnership units and/or common stock of the company. As part of the consolidation, the company also will enter into similar transactions with the other subject LLCs, the private entities and with the supervisor and other management companies that provide services to the subject LLCs and these entities. The company will be led by its Chairman, Chief Executive Officer and President, Anthony E. Malkin, who has provided portfolio leadership as president of the supervisor, while Peter L. Malkin will continue to provide guidance as Chairman Emeritus, all supported by the supervisor s team of executives and staff, who are expected to join the company as part of the consolidation. The consolidation also will result in the creation of a company with a board of directors consisting predominantly of independent directors, which will be responsible for overseeing the operations of the company. Anthony E. Malkin will be the only management member of the board of directors and will be the only member of the Malkin Family that will be employed by the company or receive salary or other compensation from the company.

The supervisor believes you will benefit from this consolidation through newly created opportunities for liquidity, enhanced property diversification, increased growth opportunities, enhanced operating and financing abilities and efficiencies, combined balance sheets, anticipated regular quarterly cash distributions, and continued leadership by the principals of the supervisor under the accountability of the governance structure of a company with its Class A common stock expected to be listed on the New York Stock Exchange, which is referred to herein as the NYSE, and a board of directors consisting predominantly of independent directors.

The supervisor believes this transaction represents the best opportunity for value enhancement for your investment in the subject LLC after years of action under the supervisor s leadership to preserve, restore, and enhance your investment. Included in that history is a challenging time, which began with litigation commenced in 1997 by Peter L. Malkin and the supervisor to remove Helmsley-Spear, Inc., the former property manager and leasing agent (after it was sold by entities controlled by Leona M. Helmsley), as property manager and leasing agent of the properties owned by the subject LLCs and other properties, which are now included in the plans for this consolidation.

Since the successful resolution of that litigation, the supervisor has overseen the engagement by the subject LLCs of independent property management and leasing agents, developed and substantially effected a comprehensive renovation and repositioning program for improving the physical condition of and upgrading the credit quality of tenants at the property, and raised the property s profile as part of a well regarded portfolio brand. The supervisor believes that it is an opportune time for the subject LLCs to take advantage of the opportunity to participate in the consolidation which will afford participants better value protection through diversification, growth opportunities through potential acquisitions and potential growth in revenue of the initial properties and more stable cash flows for distributions, as well as administrative and operating efficiencies. Additionally, the supervisor believes the consolidation provides value enhancement through better access to capital and liquidity for investors who so desire.

Table of Contents

The supervisor has reviewed this transaction carefully and believes that current and anticipated property results provide favorable prospects for the consolidation. The supervisor will consider the capital market conditions at the time the IPO is ready to commence, but the supervisor is confident that a well located, well run, well capitalized portfolio of office and retail properties in Manhattan and in the greater New York metropolitan area is a desirable portfolio for an IPO.

The consolidation offers participants the opportunity to become limited partners in the operating partnership and stockholders of the company, which is being formed to continue and expand the commercial real estate business of the subject LLCs, the private entities and the management companies participating in the consolidation. The supervisor has developed a comprehensive knowledge of its markets that has been acquired through its senior management team s substantial experience and is a recognized operator of office and retail properties.

Manhattan and the greater New York metropolitan area is one of the most-prized office markets in the world and a world-renowned retail market. Its status is derived from a combination of supply constraints and high barriers to entry, as well as near-term and long-term prospects for job creation, vacancy absorption and rental rate growth. Upon completion of the consolidation, all of the company s properties will be located in Manhattan and the greater New York metropolitan area. The supervisor believes that the company will represent a unique opportunity to invest in a well-capitalized company with real estate in these most-prized markets and recognized and respected leadership. The company s primary focus will be to manage its current portfolio and acquire and reposition office and retail properties in Manhattan and the greater New York metropolitan area.

A subject LLC will participate in the consolidation only if participants holding more than the required percentage of the outstanding participation interests in the subject LLC vote in favor of the consolidation, as described herein.

Description of the Company and the Subject LLCs

Overview

The company is a self-administered and self-managed real estate investment trust, or REIT, that owns, manages, operates, acquires and repositions office and retail properties in Manhattan and the greater New York metropolitan area. The company was formed to continue and expand the commercial real estate business of the supervisor and its affiliates. The company s primary focus will be to continue to own, manage and operate its current portfolio and to acquire and reposition office and retail properties in Manhattan and the greater New York metropolitan area.

As of September 30, 2012, the company owned 12 office properties (including one long-term ground leasehold interest) encompassing approximately 7.7 million rentable square feet of office space, which were approximately 79.8% leased (or 83.3% giving effect to leases signed but not yet commenced as of that date). Seven of these properties are located in the midtown Manhattan market and encompass in the aggregate approximately 5.9 million rentable square feet of office space, including the Empire State Building. The company s Manhattan office properties also contain an aggregate of 433,545 rentable square feet of premier retail space on their ground floor and/or lower levels. The company s remaining five office properties are located in Fairfield County, Connecticut and Westchester County, New York, encompassing in the aggregate approximately 1.8 million rentable square feet. The majority of square footage for these five properties is located in densely populated metropolitan communities with immediate access to mass transportation. Additionally, the company has entitled land at the Stamford Transportation Center in Stamford, Connecticut, adjacent to one of its office properties, that will support the development of an approximately 380,000 rentable square foot office building and garage, which is referred to herein as Metro Tower. As of September 30, 2012, the company s portfolio also included four standalone retail properties located in Manhattan and two standalone retail properties

Table of Contents

located in the city center of Westport, Connecticut, encompassing 204,452 rentable square feet in the aggregate. As of September 30, 2012, the company s standalone retail properties were 100.0% leased in the aggregate.

In addition, the company has an option to acquire from three private entities supervised by the supervisor two additional Manhattan office properties encompassing approximately 1.5 million rentable square feet of office space and 154,149 rentable square feet of ground floor retail space. Each of the Malkin Holdings group and the Helmsley estate owns interests in such private entities. These option properties currently are subject to ongoing litigation and the company has an option to acquire fee, long-term leasehold, sub-leasehold and/or sub-subleasehold interests in these two properties, as applicable, after such litigation is resolved. These properties are referred to herein as the option properties. For more information please see The Company Business and Properties Description of Option Properties.

From 2002 through 2006, the supervisor gradually gained full control of the day-to-day management of the company s Manhattan office properties (with the Helmsley estate holding certain approval rights at some of these properties as a result of its interest in the entities owning the properties). Helmsley-Spear, Inc. had provided property management services to the company s Manhattan office properties during the period from 2002 through 2006 prior to its removal as property manager. See Business and Properties History for more information regarding how the supervisor gained full control of the day-to-day management of the company s Manhattan office properties. Since then, the supervisor has been undertaking a comprehensive renovation and repositioning strategy of its Manhattan office properties that has included the physical improvement through upgrades and modernization of, and tenant upgrades in, such properties. Since the supervisor assumed full control of the day-to-day management of the company s Manhattan office properties beginning with One Grand Central Place in 2002 and through September 30, 2012, the subject LLCs and the private entities have invested a total of approximately $342.0 million (excluding tenant improvement costs and leasing commissions) in its Manhattan office properties pursuant to this program. The company currently intends to invest between $100.0 million and $130.0 million of additional capital through the end of 2013. The company expects to complete substantially this program by the end of 2013, except with respect to the Empire State Building, which is the last Manhattan office property that began its renovation program. In addition, the company currently estimates that between $85.0 million and $115.0 million of capital is needed beyond 2013 to complete substantially the renovation program at the Empire State Building, which the company expects to occur by the end of 2016, due to the size and scope of the company s remaining work and the company s desire to minimize tenant disruptions at the property. The company intends to fund these capital improvements through a combination of operating cash flow and borrowings.

These improvements, within the renovation and repositioning program, include restored, renovated and upgraded or new lobbies; elevator modernization; renovated public areas and bathrooms; refurbished or new windows; upgrade and standardization of retail storefront and signage; façade restorations; modernization of building-wide systems and enhanced tenant amenities. These improvements are designed to improve the overall value and attractiveness of the company s properties and have contributed significantly to its tenant repositioning efforts, which seek to increase the company s occupancy; raise the company s rental rates; increase the company s rentable square feet; increase the company s aggregate rental revenue; lengthen the company s average lease term; increase the company s average lease size; and improve the company s tenant credit quality. The company has also aggregated smaller spaces in order to offer larger blocks of office space, including multiple floors, that are attractive to larger, higher credit-quality tenants and to offer new, pre-built suites with improved layouts. This strategy has shown attractive results to date, as illustrated by the case studies which are described in The Company Business and Properties Renovation and Repositioning Case Studies, and the company believes it has the potential to improve the company s operating margins and cash flows in the future. The company believes the company will continue to enhance its tenant base and improve rents as the company s pre-renovation leases continue to expire and be re-leased.

The Empire State Building is the company s flagship property and provides the company with a significant and diversified source of revenue through its office and retail leases, observatory operations and broadcasting licenses and related leased space. Empire State Building Associates L.L.C. owns the fee interest in, and the land underlying, the Empire State Building. On a pro forma basis, during the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively, the company generated approximately $181.6 million and $213.4 million of revenue from the Empire State Building. The ongoing repositioning of the Empire State Building, which comprises 2,696,316 rentable square feet of office space and 169,215 rentable square feet of retail space, is representative of the company s strategic vision for its Manhattan office properties. To date, the renovation and repositioning efforts have enabled the supervisor to lease significant amounts of space at the Empire State Building to new higher credit-quality tenants, including: LF USA; Skanska; Coty, Inc.; the Federal Deposit Insurance Corporation; Funaro & Co.; Kaltex North America, Inc.; LinkedIn; Noven Pharmaceuticals; People s Daily Online USA; Taylor Global; The Freeh Group; Turkish Airlines; and World Monuments Fund. The company believes completing the repositioning program for the Empire State Building, as well as its other Manhattan office properties, represents a significant growth opportunity for the company.

In addition to the Empire State Building, the company s portfolio attracts high quality tenants to its high quality, midtown Manhattan and greater New York metropolitan area office properties.

Major tenants of 1333 Broadway include LF USA, Inc., Aetna Life Insurance Company, OCE-USA Holdings, and a variety of service firms and retail tenancy in its multi-level retail space. Major tenants of 1350 Broadway include E-Bay, Tarter Krinsky & Drogin LLP, Marketfish, Ecolab, Open Space Institute, a variety of service firms including Carrier Corporation and retail tenancy in its multi-level retail space including Bank Santander (Sovereign Bank), Duane Reade (a division of Walgreen Co.), HSBC, Starbucks, and FedEx/Kinko s. Major tenants of 1359 Broadway include LF USA Inc., IPREO Holdings LLC, Actimize, Inc., Equifax, Parkinson s Disease Foundation and a variety of leading not-for-profit and service firms. Major tenants of 501 Seventh Avenue include the corporate headquarters of both Carolina Herrera Ltd. and Warnaco, Local Initiatives Support Corporation, a variety of service firms and retail tenancy including Chipotle Mexican Grill and Pot Belly Sandwich Shop. One Grand Central Place is largely a small tenant building. Its major tenants include Fairfield Maxwell Group, Ales Group USA, Inc., Tourist Office of Spain, American Bureau of Shipping, Pine Brook Road Partners LLC, a variety of financial, services, corporate, and not-for-profit tenants and retail tenancy in its multi-level retail space including JP Morgan Chase Bank, Bank of America, N.A., and Charles Schwab & Co. 250 West 57th Street is largely a small tenant building. Its major tenant is Perseus Books Group and its other tenants include a variety of financial, services, corporate, and not-for-profit tenants including N.S. Bienstock, Inc., Chase Paymentech (a division of JPMorgan Chase Bank) and retail tenancy in its multi-level retail space including TJ Maxx, the Gap, and Duane Reade (a division of Walgreen Co.).

In the greater New York metropolitan area, the company s portfolio includes high quality suburban office properties in densely populated metropolitan communities in Fairfield County, Connecticut and Westchester County, New York. Major tenants of the greater New York metropolitan area flagship Metro Center (at the Transportation Center in Stamford, Connecticut) include Thomson Reuters, Jefferies Group, Columbus Circle Investors, OMI Group, Olympus Partners, BP Energy, Tweedy, Browne Company and a variety of other investment management and private equity firms. Major tenants of First Stamford Place (within a short walking distance of the Transportation Center in Stamford, Connecticut) include Ernst & Young, Legg Mason, Citibank, N.A., Elizabeth Arden, Inc., Thomson Reuters, Guardian Life Insurance Company, the corporate headquarters of Crane Co., Air Castle Advisor LLC, National Indemnity Company, Gleacher Securities Group Inc., Robert W. Baird, Inc., MKM Partners, Jones Lang LaSalle, Bank of Ireland, Forevermark US Inc., and a variety of investment management and service firms. Major tenants of 383 Main Avenue (at the intersection of the Merritt Parkway and Route 7 in Norwalk, Connecticut) include Reed Elsevier, Inc., Nestle Holdings, Inc., Cisco Systems, Inc., SunGard, CIT LLC, SAP America, Inc., SymphonyIRI Group, Multiple Myeloma Research Foundation, Fairfield County Community Trust and a variety of not-for-profit and service firms. Major tenants of 10 Bank Street (at the Transportation Center in White Plains, New York) include JP Morgan Chase Bank, Pearson Education, Inc., Fifth Street Capital, Inc., Rockwood Capital, LLC, Pine Brook Road Partners, LLC, Evolution Markets, LLC, US Renewables Group, Liberty Mutual, Nokia, Marubeni Specialty Chemicals Inc., Hitachi Cable America Inc., and a variety of leading investment management and service firms. Major tenants of 500 Mamaroneck Avenue (between the Hutchinson River Parkway and Interstate 95 in Harrison, New York) include Mariner Investment Group, O Connor Davies Munn & Dobbins, Pasternak Wine Imports, Universal Remote Control, Stark Business Solutions and a variety of financial and service firms**.**

The company s portfolio also includes high quality retail properties located in premier retail corridors in Manhattan and Westport, Connecticut. Tenants at 10 Union Square in Manhattan include Best Buy Mobile, Starbucks, A&P, Panera Bread, FedEx/Kinko s, Au Bon Pain, Chipotle Mexican Grill, and GameStop. Tenants at 1010 Third Avenue s multi-level retail space in Manhattan include Ethan Allen. Tenants at 55 West 57th Street include Tapps Supermarkets and Bank of America, N.A. Tenants at 69-97 Main Street in Westport, Connecticut include Ann Taylor, Lululemon, Allen Edmonds, Nike, and Theory. Tenants at 103-109 Main Street include Kate Spade.

112-122 West 34th Street, one of the option properties, is in transition from a garment tenant profile. 112-122 West 34th Street is the recipient of BOMA 2012 Pinnacle Award for the Renovated Building of the Year. Its major tenants include the corporate headquarters of Aeropostale Inc. and Venator Group, Inc., Regus Plc, Kahn Lucas Lancaster, Inc., Carr Business Systems (a division of Xerox), a variety of services firms and retail tenancy includes Foot Locker, Billabong, and FedEx/Kinko s. 1400 Broadway, the other option property, is in transition from a garment tenant profile. Its major tenants include Kohl s Corporation, Men s Wearhouse, VeriFone Systems, Burlington Coat Factory, LLC, Hatch Mott Macdonald, and a variety of services firms.

The company is led by Anthony E. Malkin, its Chairman, Chief Executive Officer and President, who has a strong reputation in the industry for quality management, repositioning and marketing expertise. Mr. Malkin, together with the company s senior management team, has developed the company s strategy with a focus on tenant and broker relationships and the cultivation of the company s brand to attract higher credit-quality tenants to its improved buildings and negotiate attractive rental terms. Mr. Malkin has over 24 years of real estate experience specifically in expanding, renovating, repositioning and managing this portfolio. The company s senior management team has an average of approximately 29 years of experience covering all aspects of real estate, including asset and property management, leasing, marketing, acquisitions, construction, development, legal and finance. Messrs. Malkin, Thomas P. Durels and Thomas N. Keltner, Jr. have worked together for the supervisor for approximately 23 years, with Messrs. Malkin and Durels being responsible for supervising the design and implementation of the company s renovation and repositioning program.

The Company s Competitive Strengths

The company believes that it distinguishes itself from other owners and operators of office and retail properties as a result of the following competitive strengths:

- **Irreplaceable Portfolio of Office Properties in Midtown Manhattan**. The company s Manhattan office properties are located in one of the most prized office markets in the world due to a combination of supply constraints, high barriers to entry, near-term and long-term prospects for job creation, vacancy absorption and rental rate growth. The company s management believes these properties could not be replaced today on a cost-competitive basis, if at all. As of September 30, 2012, the company owned seven Manhattan office properties (including one long-term ground leasehold interest) encompassing approximately 5.9 million rentable square feet of office space, including the Empire State Building, the company s flagship property.

- **Expertise in Repositioning and Renovating Manhattan Office Properties**. The company has substantial expertise in renovating and repositioning Manhattan office properties, having invested a

Table of Contents

total of approximately $342.0 million (excluding tenant improvement costs and leasing commissions) in the Manhattan office properties since the supervisor assumed full control of the day-to-day management of these properties beginning with One Grand Central Place in November 2002 through September 30, 2012. The supervisor has successfully aggregated and is continuing to aggregate smaller spaces to offer larger blocks of space, including multiple floors, that are attractive to larger, higher credit-quality tenants and to offer new, pre-built suites with improved layouts. As part of this program, the supervisor converted some or all of the ground office floors of certain of its Manhattan office properties to higher rent retail space. The company believes that the post-renovation high quality of its buildings and the service the company provides also attract higher credit-quality tenants and allow it to grow cash flow.

Leader in Energy Efficiency Retrofitting. The company has pioneered certain practices in energy efficiency at the Empire State Building where the company has partnered with the Clinton Climate Initiative, Johnson Controls Inc., Jones Lang LaSalle and the Rocky Mountain Institute to create and implement a groundbreaking, replicable process for integrating energy efficiency retrofits in the existing built environment. The reduced energy consumption reduces costs for the company and its tenants, and the company believes creates a competitive advantage for its properties. As a result of the energy efficiency retrofits, the company currently estimates that the Empire State Building will save at least 38% of its energy use, resulting in at least $4.4 million of annual energy cost savings. Johnson Controls Inc. has guaranteed minimum energy cost savings of $2.2 million, from 2010 through 2025, with respect to certain of the energy efficiency retrofits which Johnson Controls Inc. was responsible for installing. In 2011, the actual energy cost savings for the energy efficiency retrofits which Johnson Controls Inc. was responsible for installing was $2.4 million. As a result of the company s efforts, the Empire State Building is now an Energy Star building and has been awarded LEED EBOM-Gold certification. The company is currently underway with the design and specification process to implement energy efficiency retrofitting projects in its Manhattan and greater New York metropolitan area office properties based on its work at the Empire State Building. The company believes that its portfolio s attractiveness is enhanced by these practices and that this should result in higher rental rates, longer lease terms and higher quality tenants.

Attractive Retail Locations in Densely Populated Metropolitan Communities. As of September 30, 2012, the company s portfolio also included six standalone retail properties and retail space at the ground floor and/or lower levels of its Manhattan office properties. All of these properties are located in premier retail corridors with convenient access to mass transportation, a diverse tenant base and high pedestrian traffic and/or main destination locations. The company s retail portfolio includes 616,546 rentable square feet located in Manhattan and 21,433 rentable square feet located in Westport, Connecticut. The company s retail tenants cover a number of industries, including financial services, and include Allen Edmonds; Ann Taylor; AT&T; Bank of America; Bank Leumi; Bank Santander (Sovereign Bank); Best Buy Mobile; Charles Schwab; Chipotle; Duane Reade (a division of Walgreen Co.); Ethan Allen; FedEx/Kinko s; Food Emporium; Foot Locker; the GAP; GameStop; HSBC; JP Morgan Chase; Kate Spade; Loews Theatre; Lululemon; Men s Wearhouse; Nike; Panera Bread; Payless Shoesource; Potbelly Sandwich Works; Sprint; Starbucks; Theory; TJ Maxx; and Walgreens.

Experienced and Committed Management Team with Proven Track Record. The company s senior management team is highly regarded in the real estate community and has extensive relationships with a broad range of brokers, owners, tenants and lenders. The company has substantial in-house expertise and resources in asset and property management, leasing, marketing, acquisitions, construction, development and financing and a platform that is highly scalable. Members of the company s senior management team have worked in the real estate industry for an average of approximately 29 years, and Messrs. Malkin, Durels and Keltner have worked together for the supervisor for approximately 23 years. Upon completion of the IPO, the company s senior management team is expected to own 8.7% of the company s common stock on a fully diluted basis (including shares of common stock on a fully diluted basis as to which Anthony E. Malkin has the right to vote, but does not have a pecuniary interest), and therefore their interests are expected to be aligned with those of the company s stockholders, and they are incentivized to maximize returns for the company s stockholders.

Strong Balance Sheet Well Positioned For Future Growth. Upon completion of the consolidation and the IPO, the company expects to have pro forma total debt outstanding of approximately $1.11 billion, with a weighted average interest rate of 5.20%, a weighted average maturity of 3.4 years and 78.2% of which is fixed-rate indebtedness. Additionally, the company expects to have approximately $304.1 million of available borrowing capacity under its loans on a pro forma basis (excluding amounts under the $800.0 million secured revolving and term credit facility which the company expects to obtain upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates). Upon completion of the IPO and on a pro forma basis for the year ended December 31, 2011, the company expects to have a debt-to-earnings before interest, income tax, depreciation and amortization, or EBITDA, ratio of approximately 4.93x. For the year ended December 31, 2011, the company s pro forma EBITDA and pro forma net income were approximately $213.2 million and $58.7 million, respectively. The company has no debt maturing in the remainder of 2012 and approximately $56.9 million maturing in 2013.

Business and Growth Strategies

The company s primary business objectives are to maximize cash flow and total returns to its stockholders and to increase the value of the company s properties through the pursuit of the following business and growth strategies:

Lease-up Available Space at Manhattan Office Properties. As of September 30, 2012, the company s Manhattan office properties were approximately 77.0% leased (or 81.4% giving effect to leases signed but not yet commenced as of that date) and had approximately 1.4 million rentable square feet of available space (excluding leases signed but not yet commenced). This compares to an average of 90.2% leased in midtown Manhattan according to RCG as of June 30, 2012. The company believes its renovation and repositioning program for its Manhattan office properties is a catalyst for additional lease-up. To date the company believes these efforts have accelerated its ability to lease space to new higher credit-quality tenants, many of which have expanded the office space they lease from the company over time. Examples of this include LF USA, Coty, Inc., the Federal Deposit Insurance Corporation and Actimize which collectively have leases signed with the company for over 1,397,250 rentable square feet that represent additional annualized base rent of $56,424,227 as of September 30, 2012.

Increase Existing Below-Market Rents. The company believes it can capitalize on the successful repositioning of its Manhattan office portfolio and improving market fundamentals to increase rents. For example, the company expects to benefit from the re-leasing of 16.6%, or approximately 1.0 million rentable square feet (including month-to-month leases), of its Manhattan office leases expiring through December 31, 2014, which the company generally believes are currently at below market rates. These expiring leases represent a weighted average base rent of $39.39 per square foot based on current measurements. As older leases expire, the company expects to continue to upgrade certain space to further increase rents and the company expects to increase the total rentable square footage of such space as a result of remeasurement and application of market loss factors to the company s space which the company expects will generate additional rental revenue.

Complete the Redevelopment and Repositioning of the Company s Current Portfolio. The company intends to continue to increase occupancy, improve tenant quality and enhance cash flow and

Table of Contents

value by completing the renovation and repositioning of its Manhattan office properties. The company intends selectively to continue to allow leases for smaller spaces to expire or relocate smaller tenants in order to aggregate, demolish and re-demise existing office space into larger blocks of vacant space, which the company believes will attract higher credit-quality tenants at higher rental rates. In addition, the company is a leader in developing economically justified energy efficiency retrofitting and sustainability and has made it a portfolio-wide initiative. The company believes this makes its properties desirable to high credit-quality tenants at higher rental rates and longer lease terms.

Pursue Attractive Acquisition and Development Opportunities. The company will opportunistically pursue attractive opportunities to acquire office and retail properties, including the option properties. For more information regarding the option properties, please see The Company Business and Properties Description of Option Properties. The company intends to focus its acquisition strategy primarily on Manhattan office properties and, to a lesser extent, office and multi-tenanted retail properties in densely populated communities in the greater New York metropolitan area and other markets the company may identify in the future. The company s strong balance sheet, access to capital, and ability to offer operating partnership units in tax deferred acquisition transactions should give the company significant flexibility in structuring and consummating acquisitions.

Proactively Manage the Company s Portfolio. The company believes its proactive, service-intensive approach to asset and property management helps increase occupancy and rental rates. The company utilizes its comprehensive building management services and its strong commitment to tenant and broker relationships and satisfaction to negotiate attractive leasing deals and to attract high credit-quality tenants. The company proactively manages its rent roll and maintains continuous communication with its tenants. The company believes long-term tenant relationships will improve its operating results over time by reducing leasing, marketing and tenant improvement costs and reducing tenant turnover.

Company Information

As of September 30, 2012, the company had approximately 605 employees, 102 of whom were managers and professionals. The company s principal executive offices are located at One Grand Central Place, 60 East 42nd Street, New York, New York 10165. In addition, the company has six additional regional leasing and property management offices in Manhattan and the greater New York metropolitan area. The company s telephone number is (212) 953-0888. The company s website address is www.empirestaterealtytrust.com. The information on or otherwise accessible through, the company s website does not constitute a part of this prospectus/consent solicitation.

Table of Contents

The Properties

As of September 30, 2012, the company s portfolio consisted of 12 office properties and six standalone retail properties totaling approximately 8.4 million rentable square feet and was approximately 80.2% leased (or 83.5% giving effect to leases signed but not yet commenced as of that date). In addition, the company owned entitled land that will support the development of an approximately 380,000 rentable square foot office building and garage (Metro Tower) at the Stamford Transportation Center in Stamford, Connecticut, adjacent to one of the company s office properties, as of September 30, 2012. The table below presents an overview of the company s portfolio and the option properties as of September 30, 2012:

Property Name	Submarket	Year Built / Renovated(1)	Rentable Square Feet(2)	Percent Leased(3)	Annualized Base Rent(4)	Annualized Base Rent Per Leased Square Foot(5)	Net Effective Rent Per Leased Square Foot(6)	Number of Leases(7)
Manhattan Office Properties								
The Empire State Building	Penn Station-Times Sq. South	1931/ In process					$ 43.80	
Office(8)			2,696,316	67.4%	$ 70,119,745	$ 38.60		247
Retail(9)			169,215	85.9%	$ 15,234,691	$ 104.82		25
One Grand Central Place	Grand Central	1930/ In process					$ 47.67	
Office			1,181,327	79.1%	$ 41,949,725	$ 44.89		297
Retail			68,005	92.9%	$ 6,313,878	$ 99.97		19
250 West 57th Street	Columbus Circle-West Side	1921/ In process					$ 45.02	
Office			476,574	86.0%	$ 16,794,389	$ 40.99		165
Retail			52,247	100.0%	$ 4,566,250	$ 87.40		7
501 Seventh Avenue	Penn Station-Times Sq. South	1923/ In process					$ 35.79	
Office			441,203	87.3%	$ 13,487,847	$ 35.03		31
Retail			35,502	100.0%	$ 1,784,676	$ 50.27		10
1359 Broadway	Penn Station-Times Sq. South	1924/ In process					$ 39.41	
Office			441,022	93.0%	$ 15,407,047	$ 37.58		31
Retail			27,618	40.3%	$ 1,510,342	$ 135.59		5
1350 Broadway(10)	Penn Station-Times Sq. South	1929/ In process					$ 55.80	
Office			368,323	81.7%	$ 12,154,203	$ 40.41		73
Retail			30,895	100.0%	$ 5,730,477	$ 185.48		6
1333 Broadway	Penn Station-Times Sq. South	1915/ In process					$ 43.96	
Office			302,277	96.6%	$ 11,996,983	$ 41.09		10
Retail			50,063	6.4%	$ 745,713	$ 233.11		3
Sub-Total / Weighted Average Manhattan Office Properties			**6,340,587**	**77.1%**	**$ 217,795,966**	**$ 44.54**	**$ 44.46**	**929**
Office			**5,907,042**	**77.0%**	**$ 181,909,939**	**$ 39.99**		**854**
Retail			**433,545**	**78.8%**	**$ 35,886,027**	**$ 105.09**		**75**
Greater New York Metropolitan Area Office Properties								
First Stamford Place(11)	Stamford, Connecticut(12)	1986/2003	785,945	88.6%	$ 26,824,272	$ 38.53	$ 39.54	38
Metro Center	Stamford, Connecticut(12)	1987/1999	275,758	98.6%	$ 12,855,443	$ 47.28	$ 47.28	26
383 Main Avenue	Norwalk, Connecticut(13)	1985/1996	259,856	81.3%	$ 5,787,139	$ 27.39	$ 27.94	18
500 Mamaroneck Avenue	Harrison, New York(14)	1986/2004	289,711	88.5%	$ 6,950,955	$ 27.12	$ 26.74	29
10 Bank Street	White Plains, New York(15)	1989/2001	228,994	85.4%	$ 6,485,766	$ 33.15	$ 33.71	28
			1,840,264	**88.6%**	**$ 58,903,574**	**$ 36.11**	**$ 36.62**	**139**

Sub-Total / Weighted Average Greater New York Metropolitan Area Office Properties					
Total / Weighted Average Office Properties	**7,747,306**	**79.8%**	**$ 240,813,514**	**$ 38.97**	**993**

Table of Contents

Property Name	Submarket	Year Built / Renovated(1)	Rentable Square Feet(2)	Percent Leased(3)	Annualized Base Rent(4)	Annualized Base Rent Per Leased Square Foot(5)	Net Effective Rent Per Leased Square Foot(6)	Number of Leases(7)
Standalone Retail Properties								
10 Union Square	Union Square	1988/1997	58,005	100.0%	$ 4,731,292	$ 81.57	$ 81.95	13
1542 Third Avenue	Upper East Side	1993(16)	56,250	100.0%	$ 2,775,618	$ 49.34	$ 47.71	3
1010 Third Avenue	Upper East Side	1963/2007(17)	44,662	100.0%	$ 3,048,085	$ 68.25	$ 65.88	2
77 West 55th Street	Midtown	1962(16)	24,102	100.0%	$ 2,244,516	$ 93.13	$ 79.62	3
69-97 Main Street	Westport, Connecticut	1922/2005	17,103	100.0%(18)	$ 1,513,984	$ 88.52	$ 90.79	5
103-107 Main Street	Westport, Connecticut	1900(16)	4,330	100.0%	$ 423,696	$ 97.85	$ 94.69	3
Sub-Total / Weighted Average Standalone Retail Properties			**204,452**	**100.0%**	**$ 14,737,191**	**$ 72.08**	**$ 69.75**	**29**
Total / Weighted Average Retail Properties(19)			**637,997**	**85.6%**	**$ 50,623,218**	**$ 92.73**		**104**
Portfolio Total			**8,385,303**	**80.2%**	**$ 291,436,732**	**$ 43.33**	**$ 43.33**	**1,097**
Option Properties								
112-122 West 34th Street(20)	Penn Station-Times Sq. South	1954/ In process					$ 36.09	
Office			608,050	83.9%				47
Retail			133,437	100.0%				3
1400 Broadway	Penn Station-Times Sq. South	1930/ In process					$ 37.01	
Office			866,103	79.1%				79
Retail			20,712	39.4%				13
Option Properties Total			**1,628,302**					**142**

(1) For more information regarding the status of ongoing renovations at certain of the company s properties, see The Company Business and Properties Description of the Company s Properties.

(2) Office property measurements are based on the Real Estate Board of New York measurement standards; retail property measurements are based on useable square feet. Excludes (i) 119,437 square feet of space across the company s portfolio attributable to building management use and tenant amenities and (ii) 68,226 square feet of space attributable to the company s observatory.

(3) Based on leases signed and commenced as of September 30, 2012 and calculated as (i) rentable square feet less available square feet divided by (ii) rentable square feet.

(4) Annualized base rent for office properties is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements and free rent)) for the month ended September 30, 2012 for leases commenced as of September 30, 2012, by (ii) 12. Total abatements and free rent with respect to the office properties for leases in effect as of September 30, 2012 for the 12 months ending September 30, 2013 are $10,441,248. Total annualized base rent, net of abatements and free rent, for the company s office properties is $230,372,265. Annualized base rent for retail properties (including the retail space in the company s Manhattan office properties) is calculated by multiplying (i) base rental payments (defined as cash base rents (before abatements, tenant reimbursements and free rent)) for the month ended September 30, 2012 for leases commenced as of September 30, 2012, by (ii) 12. Total abatements, tenant reimbursements and free rent with respect to the retail properties (including the retail space in the company s Manhattan office properties) for leases in effect as of September 30, 2012 for the 12 months ending September 30, 2013 are $243,517. Total annualized base rent, net of abatements, tenant reimbursements and free rent, for the company s retail properties is $50,379,701. Annualized base rent data for the company s office and retail properties is as of September 30, 2012 and does not reflect scheduled lease expirations for the 12 months ending September 30, 2013.

(5) Represents Annualized Base Rent under leases commenced as of September 30, 2012 divided by leased square feet.

(6) Net effective rent per leased square foot represents (i) the contractual base rent for office and retail leases in place as of September 30, 2012, calculated on a straight-line basis to amortize free rent periods and abatements, but without regard to tenant improvement allowances and leasing commissions, divided by (ii) square footage under commenced leases as of September 30, 2012.

(7) Represents the number of leases at each property or on a portfolio basis. If a tenant has more than one lease, whether or not at the same property, but with different expirations, the number of leases is calculated equal to the number of leases with different expirations.

(8) Includes 85,812 rentable square feet of space leased by the company s broadcasting tenants.
(9) Includes 6,180 rentable square feet of space leased by Host Services of New York, a licensee of the company s observatory.
(10) Denotes a ground leasehold interest in the property with a remaining term, including unilateral extension rights available to the company, of approximately 38 years (expiring July 31, 2050).
(11) First Stamford Place consists of three buildings.
(12) This submarket is part of the Stamford, Connecticut central business district (CBD) submarket as defined by RCG. See Economic and Market Overview.
(13) This submarket is part of the South Central Stamford, Connecticut submarket as defined by RCG. See Economic and Market Overview.
(14) This submarket is part of the Eastern Westchester County submarket as defined by RCG. See Economic and Market Overview.
(15) This submarket is part of the White Plains, New York CBD submarket as defined by RCG. See Economic and Market Overview.
(16) No major renovation activity was undertaken at this property.
(17) This property underwent major renovations in 2007 to coincide with the signing of a significant retail lease.
(18) 100% leased, including leases signed but not yet commenced.
(19) Includes 433,545 rentable square feet of retail space in the company s Manhattan office properties.
(20) 112-122 West 34th Street consists of two parcels having separate owners and ownership structures. The real property interests that the company will acquire with respect to the parcel located at 112-120 West 34th Street consist of (i) a ground leasehold interest currently

34

held by 112 West 34th Street Associates L.L.C., one of the affiliates of the supervisor with whom the company has entered into an option agreement and (ii) an operating leasehold interest currently held by 112 West 34th Street Company L.L.C., another affiliate of the supervisor with whom the company has entered into an option agreement. The real property interests that the company will acquire with respect to the parcel located at 122 West 34th Street consist of (i) a fee interest and a subleasehold interest currently held by 112 West 34th Street Associates L.L.C. and (ii) an operating leasehold interest currently held by 112 West 34th Street Company L.L.C.

Background of and Reasons for the Consolidation

The Subject LLCs, the Private Entities and the Management Companies

The three subject LLCs are publicly-registered limited liability companies originally formed as partnerships by principals of the supervisor from 1953 to 1961. The principals of the supervisor during this period consisted of Lawrence A. Wien, until his death in 1988 and, beginning in 1958, Mr. Wien s son-in-law Peter L. Malkin. Anthony E. Malkin, Mr. Wien s grandson, joined his father Peter L. Malkin as a principal in 1989. In exercising control, Peter L. Malkin and Anthony E. Malkin have been, and continue to be, subject to fiduciary duties owed to multiple sets of equity owners in each subject LLC and private entity. Each subject LLC was formed to acquire the fee title or long-term ground lease interest in an office property located in Manhattan and to lease the property to an operating lessee, which operates the property. The private entities, including the operating lessees were formed between 1953 and 2008 and own office properties, retail properties and, in one case, fully entitled land including a development site, in Manhattan and the greater New York metropolitan area. The supervisor and the Malkin Family provide supervisory and other services for each subject LLC, each operating lessee and the other private entities.

As lessor, each subject LLC receives from its operating lessee fixed basic rent (and, in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., primary additional rent), and overage rent (equal to 50% of the operating lessee s net operating profit). In the case of Empire State Building Associates L.L.C., net operating profit is calculated as net operating profits in excess of $1,000,000 per annum, which amount is retained by Empire State Building Company L.L.C., and in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., net operating profit is calculated as net operating profits in excess of $1,053,800 per annum and $752,000 per annum, respectively, of primary additional rent, which is paid by the operating lessee to the applicable subject LLC to the extent of net profits. Such amounts represent approximately 2.78%, 4.35% and 10.59%, respectively, of the original purchase price of each of the Empire State Building, One Grand Central Place and 250 West 57th Street. Each operating lessee was formed initially as a partnership, the partners of which included Lawrence A. Wien and Harry B. Helmsley, and later converted to a limited liability company. Under the operating lease, the subject LLC, as lessor, has no right to operate the property. The operating lessee does not require any approval from the subject LLC for any operating decision. As such, the operating lessee makes all decisions relating to the operations of the property, including decisions as to leasing the property and selection of tenants and timing of leasing; what repairs to make, how much to spend on them and how to maintain the property (consistent with its obligation to repair, maintain and replace the property, subject to the lessor s consent for certain alterations which must be reasonably given); whether to hire property management and leasing agents or to handle such work internally; how to use the cash flow from the property; whether to seek financing for major expenditures; and whether to use cash flow for property-related expenses or to establish reserves. Each subject LLC has the right to approve a sale or mortgage of the entire property. The control by the operating lessee affects the cash returns to a subject LLC above basic rent (and, in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., primary additional rent) because, under the lease, the subject LLC and operating lessee have a 50/50 split of net operating profit above such specified amount.

A subject LLC, as lessor, cannot decide whether to take steps to maximize the value of the property or to undertake improvements or repairs and maintenance. A subject LLC, as lessor, also cannot determine to obtain additional financing to maximize cash flows and therefore distributions unless the operating lessee also agrees to the financing, because, in view of the operating lessee s rights under the operating lease, lenders generally could be expected to require in connection with any significant financing that the operating lessee subordinate its interest to the financing. A subject LLC, as lessor, has the right to sell its fee interest in the property without the operating lessee s consent. While the operating lessee does not have a contractual right to approve a sale of the property by the subject LLC, any property sale not agreed to by the operating lessee necessarily will be subject to the operating lease. The supervisor believes this limitation reduces the value of the subject LLCs unless sold with the operating lease position.

The supervisor, which is related to the principals who formed the subject LLCs, was appointed as the supervisor of the subject LLCs pursuant to the original partnership agreements of each of the subject LLCs and is the only party which has performed, and is authorized to perform, this role under the subject LLCs organizational documents. The members of the supervisor are Peter L. Malkin, Anthony E. Malkin, direct descendants of Peter L. Malkin, and trusts and entities, the beneficiaries and owners of which are Peter L. Malkin, his descendants and their spouses and, Thomas N. Keltner, Jr. The subject LLCs were originally established as general partnerships with no managing general partner or managing member and the supervisor is responsible for the operations and administrative functions on behalf of the subject LLCs. The supervisor, in its capacity as supervisor of each of the subject LLCs, provides all administrative and oversight services, such as maintaining the entity s records, including those related to participants, performing physical inspections of the property, providing or coordinating certain counsel services to the subject LLC, reviewing insurance coverage, arranging for financing, conducting annual supervisory review meetings, payment of monthly and additional distributions to the participants, payment of all other disbursements including real estate taxes, review of operations of the properties by the operating lessee, preparation and filing of tax returns, preparation of financial statements of the subject LLC and preparation of quarterly, annual and other periodic filings with the SEC and applicable state authorities and distribution of tax information and other information to the participants. The supervisor performs all of these services itself. In exchange for such services, the supervisor has received supervisory fees as described in the section entitled Distributions and Compensation Paid to the Supervisor and its Affiliates Compensation, Reimbursement and Distributions to the Supervisor and its Affiliates in the supplement for each subject LLC. The supervisor currently receives supervisory fees at the rate of $761,888, $189,158, and $107,190, per annum, from each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates, L.L.C., and 250 West 57th St. Associates, L.L.C., respectively, for such services, in addition to compensation at an hourly rate for special supervisory services. During 2011, the supervisor billed fees for special supervisory services (primarily relating to legal and accounting services) as follows: $1,094,938 to Empire State Building Associates L.L.C. ($93,693 regarding mortgage financing and $1,001,245 regarding the proposed consolidation and IPO), $228,603 to 60 East 42nd St. Associates L.L.C. (all regarding the proposed consolidation and IPO) and $109,560 to 250 West 57th St. Associates L.L.C. (all regarding the proposed consolidation and IPO). The fees for basic and special supervisory services expected to be received over the 10 years ended 2020 were taken into account in determining the exchange value of the management companies. The fees for special supervisory services in connection with the consolidation and IPO were not included in determining the exchange value of the management companies. The supervisor also serves as supervisor of the private entities and in that capacity, in addition to providing the administrative functions similar to those it provides to the subject LLCs, it supervises all aspects of property operations, leasing, reporting and financing. The supervisor s supervisory services on behalf of the subject LLCs and the operating lessees are interrelated, as they have been since inception. The supervisor owes a fiduciary duty to the subject LLCs.

Principals of the supervisor have been partners, members or agents in the operating lessees from the origination of these entities, and in its capacity as supervisor of the operating lessees, the supervisor oversees the day-to-day operations of the operating lessees and the properties.

Each of the agents is a member of the subject LLCs with the right to approve actions requiring the consent of members of the subject LLCs, subject to approval of certain significant actions by participants to the extent required under the participating agreements and as described in the next paragraph and under Comparison of Ownership of Participation Interests, Operating Partnership Units and Shares of Common Stock Voting Rights. The agents, in their capacities as agents, have no economic interest in the subject LLCs. From inception, the agents have been

Table of Contents

persons who have been principals of, or are related to principals of, the supervisor. The supervisor has played the central role in administering the subject LLCs and the agents role has been primarily performing ministerial functions and consenting to matters proposed by the supervisor for which the participants have given any required consent. The agents have a duty to comply with the participating agreements and the organizational documents of the subject LLCs and owe a fiduciary duty to the participants in their participation groups.

The participants are divided into participating groups and the participants in each participating group have been granted participations in the membership interest of one of the agents. Under the participating agreements, the agent has the right to take all actions with respect to its membership interest, except for certain significant actions, such as sales, financings and amendment to the operating lease, that require the consent of the participants. For a more detailed list of such actions requiring consent of the participants, see Comparison of Ownership of Participation Interests, Operating Partnership Units and Shares of Common Stock Voting Rights. The agents distribute all amounts received by them to the participants in their participating group, pro rata in proportion to their participation interests.

The Malkin Holdings group and the Helmsley estate own, on an aggregate basis, the following interests in each of the subject LLCs, each of the operating lessees and the private entities (other than the operating lessees), as a group, based on exchange values and percentage of aggregate exchange value for the applicable entity:

Entity	**Malkin Holdings group**		**Helmsley estate**	
	Exchange Value	**Percentage**	**Exchange Value**	**Percentage**
Empire State Building Associates L.L.C.				
As holders of participation interests[(1)]	$ 74,481,907	6.29%	$ 971,410	0.08%
Override Interests[(2)]	$ 108,143,382	9.14%		
Total	$ 182,625,289	15.43%	$ 971,410	0.08%
60 East 42nd St. Associates L.L.C.				
As holders of participation interests[(3)]	$ 22,600,706	7.22%	$ 1,207,974	0.39%
Override Interests[(2)]	$ 31,208,953	9.97%		
Total	$ 53,809,659	17.19%	$ 1,207,974	0.39%
250 West 57th St. Associates L.L.C.				
As holders of participation interests	$ 10,933,720	6.71%	$ 452,957	0.28%
Override Interests[(2)]	$ 12,207,951	7.49%		
Total	$ 23,141,671	14.19%	$ 452,957	0.28%
Empire State Building Company L.L.C.				
As holders of participation interests[(4)]	$ 24,724,899	2.13%	$ 740,862,007	63.75%
Override Interests[(2)]	$ 52,889,643	4.55%		
Total	$ 77,614,543	6.68%	$ 740,862,007	63.75%
Lincoln Building Associates L.L.C.				
As holders of participation interests[(5)]	$ 19,979,144	6.75%	$ 79,916,576	27.00%
Override Interests[(2)]	$ 29,598,732	10.0%		
Total	$ 49,577,876	16.75%	$ 79,916,576	27.00%
Fisk Building Associates L.L.C.				
As holders of participation interests	$ 18,354,490	12.14%	$ 47,611,871	31.50%
Override Interests[(2)]	$ 31,851,768	21.07%		
Total	$ 50,206,258	33.22%	$ 47,611,871	31.50%
Other Private Entities				
As holders of participation interests[(6)]	$ 239,052,294	26.65%	$ 157,600,323	17.57%
Override Interests[(2)]	$ 38,451,943	4.29%		
Total	$ 277,504,237	30.94%	$ 157,600,323	17.57%

Aggregate in subject LLCs and private entities	$ 714,479,533	$ 1,028,623,118

37

(1) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group is the trustee of a trust that owns participation interests. The member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 0.15% of the participation interests of Empire State Building Associates L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $1,619,017.

(2) The percentage determined is based on the percentage of distributions that will be received based on the exchange values, which were determined as described in Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values. In the case of Empire State Building Associates L.L.C. and 250 West 57th St. Associates L.L.C., the override interests included in the table represent a voluntary capital override, which was voluntarily agreed to by certain participants.

(3) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group is the trustee of a trust that owns participation interests. The member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 0.14% of the participation interests of 60 East 42nd St. Associates L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $402,658.

(4) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group either acts as agent for a participating group that owns the economic interests in the participation interests or is the general partner of a partnership that owns participation interests. In either case, the member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 23.75% of the participation interests of Empire State Building Company L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $180,266,284.

(5) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group is the trustee of a trust that owns participation interests. The member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. These participation interests represent 5.0% of the participation interests of Lincoln Building Associates L.L.C. The economic interests in such participation interests are held by unaffiliated third parties and have an exchange value of $13,319,429.

(6) Does not include participation interests in which the Malkin Holdings group controls the vote, but does not have an economic interest. A member of the Malkin Holdings group either acts as agent for a participating group that owns the economic interests in the participation interests, is the general partner of a partnership that owns participation interests or is the trustee of a trust that owns participation interests in certain of the subject LLCs and private entities. In either case, the member of the Malkin Holdings group does not require the consent of the participants/partners to give its consent with respect to such participation interests. With respect to the other private entities, a member of the Malkin Holdings group serves as trustee for a trust that holds participation interests in one of the other private entities. These participation interests represent 1.1% of the participation interests in such private entity. The economic interests in such participation interests are held by unaffiliated third parties and have an aggregate exchange value of $1,586,319.

Table of Contents

The following is a list of the subject LLCs and the private entities and the appraised value of the real property interests owned by the subject LLCs and the private entities, before deducting mortgage indebtedness or other liabilities and the exchange value, which is calculated as described in this prospectus/consent solicitation after deducting mortgage indebtedness and other liabilities:

Entity[(1)]	Appraised Property Value[(2)]	Appraised Entity Value	Exchange Value
Empire State Building	$ 2,530,000,000		
Empire State Building Associates L.L.C.		$ 1,306,500,000	$ 1,183,612,549
Empire State Building Company L.L.C.[(3)]		$ 1,223,500,000	$ 1,162,136,482
Total		$ 2,530,000,000	$ 2,345,749,031
One Grand Central Place	$ 704,000,000		
60 East 42nd St. Associates L.L.C.		$ 359,500,000	$ 313,069,533
Lincoln Building Associates L.L.C.[(4)]		$ 344,500,000	$ 295,987,317
Total		$ 704,000,000	$ 609,056,850
250 West 57th St.	$ 361,000,000		
250 West 57th St. Associates L.L.C.		$ 186,000,000	$ 163,064,607
Fisk Building Associates L.L.C.[(5)]		$ 175,000,000	$ 151,148,797
Total		$ 361,000,000	$ 314,213,405
1333 Broadway			
1333 Broadway Associates L.L.C.	$ 209,000,000	$ 209,000,000	$ 156,335,546
1350 Broadway			
1350 Broadway Associates L.L.C.	$ 187,000,000	$ 187,000,000	$ 135,845,247
1359 Broadway			
Marlboro Building Associates L.L.C.	$ 206,000,000	$ 206,000,000	$ 158,233,045
501 Seventh Avenue	$ 178,000,000		
Seventh & 37th Building Associates L.L.C.		$ 91,000,000	$ 66,208,949
501 Seventh Avenue Associates L.L.C.		$ 87,000,000	$ 62,736,281
Total		$ 178,000,000	$ 128,945,230
69-97 Main Street			
Soundview Plaza Associates II L.L.C.	$ 31,000,000	$ 31,000,000	$ 21,557,416
1010 Third Avenue and 77 West 55th Street			
East West Manhattan Retail Portfolio L.P.	$ 85,000,000	$ 85,000,000	$ 56,011,882
Metro Center			
One Station Place, Limited Partnership	$ 157,000,000	$ 157,000,000	$ 57,902,962
10 Union Square			
New York Union Square Retail L.P.	$ 105,000,000	$ 105,000,000	$ 83,379,307
103-107 Main Street			
Westport Main Street Retail L.L.C.	$ 7,000,000	$ 7,000,000	$ 6,925,553
First Stamford Place[(6)]	$ 266,000,000		
Fairfax Merrifield Associates L.L.C.		$ 82,938,800	$ 6,337,762
Merrifield Apartments Company L.L.C.		$ 82,938,800	$ 6,337,762
First Stamford Place L.L.C.		$ 100,122,400	$ 7,385,119
Total		$ 266,000,000	$ 20,060,643
10 Bank Street			
1185 Swap Portfolio L.P.	$ 50,000,000	$ 50,000,000	$ 15,580,253
1542 Third Avenue			
1185 Swap Portfolio L.P.	$ 41,000,000	$ 41,000,000	$ 21,274,903
383 Main Ave			

Fairfield Merrittview Limited Partnership	$	37,000,000	$	37,000,000	$	5,711,887
500 Mamaroneck Ave						
500 Mamaroneck Avenue L.P.	$	52,000,000	$	52,000,000	$	14,623,879
BBSF LLC	$	14,600,000	$	14,600,000	$	14,600,000
Supervisor and Management Companies[(7)]	$	14,775,000	$	14,775,000	$	16,302,000
Total	**$**	**5,235,375,000**	**$**	**5,235,375,000**	**$**	**4,182,309,039**

39

(1) Excludes three private entities which are the ground lessees and an operating lessee of two properties that are supervised by the supervisor, having an appraised value of $776,000,000 (after reduction for the third-party ground lease). The operating partnership has entered into option agreements pursuant to which it has the option to acquire their property interests upon the final resolution of certain ongoing litigation with respect to these properties. The appraised values of such properties are the appraised values the properties would have had if the litigation is resolved, and were determined on a basis consistent with the exchange values of the subject LLCs and the private entities.
(2) Represents the appraised value of each property owned (or in the case of a property subject to a third-party ground lease, the value of the interest as ground lessee) by or subject to an operating lease with each subject LLC and each private entity and the appraised value of management companies.
(3) Operating lessee of Empire State Building Associates L.L.C.
(4) Operating lessee of 60 East 42nd St. Associates L.L.C.
(5) Operating lessee of 250 West 57th St. Associates L.L.C.
(6) First Stamford Place L.L.C. is a 37.64% co-tenant with Fairfax Merrifield Associates L.L.C. and Merrifield Apartments Company L.L.C., together owning a 62.36% interest. Merrifield Apartments Company L.L.C. is the operating lessee, owning a 50.00% interest in the co-tenancy, for an aggregate ownership interest of 31.18% in the property.
(7) The value represents the appraised value of the management companies excluding the value attributable to the supervisor s overrides, which are included in the value of the overrides that the Malkin Holdings group holds in the subject LLCs and the private entities.

The Supervisor s Reasons for Proposing the Consolidation

The supervisor proposed the consolidation and recommends that you vote **FOR** the consolidation. The supervisor believes this transaction represents the best opportunity for value enhancement for your investment in the subject LLC.

From time to time, for various reasons, the supervisor has pursued sales of properties supervised by the supervisor in Manhattan, when the supervisor believed a sale would produce a higher return than continuing to hold the property. After the death of Leona Helmsley in August 2007, the supervisor briefly considered, and had discussions with representatives of the Helmsley estate concerning, the possible sale of the Empire State Building. It was ultimately decided that there was greater value for Empire State Building Associates L.L.C. and Empire State Building Company L.L.C. in holding, improving, and repositioning the Empire State Building rather than selling the Empire State Building in its then-current condition. In 2010, Anthony E. Malkin and Peter L. Malkin, as principals of the supervisor, met with the executors of the Helmsley estate, as a significant investor, to discuss the merits of a consolidation of several properties, including the subject LLCs, and a subsequent initial public offering of the consolidated entity. Thereafter, Anthony E. Malkin and Peter L. Malkin, as principals of the supervisor, investigated the feasibility of a consolidation transaction and IPO of the company which would be formed in connection with the consolidation and took steps to consider and pursue the consolidation.

The Helmsley estate has expressed its intention that, if the consolidation and IPO do not occur, it will liquidate its interests in the private entities, including each of the operating lessees. The supervisor believes that such liquidation by the Helmsley estate is required pursuant to the specific terms of Leona Helmsley s will.

In the event of such a liquidation, the supervisor and the other participants in the subject LLCs and the private entities will not be able to influence or control the selection of the purchaser. Such purchaser would own the Helmsley estate s current position in the operating lessee of the Empire State Building, which would provide it with the ability to veto all decisions, and a large percentage of each of the other two operating lessees.

The Malkin Family and the Helmsley estate each effectively has an ability to veto actions by Empire State Building Company L.L.C., because under the operating agreement of Empire State Building Company L.L.C., full administrative and operational control of all matters connected with the business of Empire State Building Company L.L.C., including all matters connected with the operation, management, leasing, maintenance, repair and improvement of the Empire State Building, require the consent of 80% in interest of the participants in Empire State Building Company L.L.C. The Helmsley estate (or its successor) owns 63.75% of the participation interests while principals of the supervisor have the right to vote as to 23.75% of the participation interests. Because the consent of each of the supervisor and the Helmsley estate is needed for such actions, the potential for a stalemate is created. The Helmsley estate is required to sell its interests in the private entities, including the operating lessees of the subject LLCs, pursuant to the will of Leona M. Helmsley. As a result, the status quo, which consists of the current working arrangement between the supervisor and the Helmsley estate, will not continue and the supervisor and any transferee of the Helmsley estate s interest may not reach agreement on actions to be taken to operate the Empire State Building.

Since an operating lessee controls all aspects of the operations of its property, and that control allows it to make decisions that affect property performance and the availability of profits which are shared 50/50 with the subject LLCs, such purchaser may take actions which adversely affect the value and distributions for the Empire State Building Associates L.L.C. and its participants and could influence materially the activities in the other two subject LLCs.

The consolidation and IPO would permit the Helmsley estate to monetize a significant portion of its interests at the IPO price without creating such a potentially adverse event. Further, it would also provide a liquid trading market for the Helmsley estate to monetize the remainder of its interests in an efficient manner that will be transparent to the public markets.

The supervisor believes it is in the best interests of the participants and the company to provide to the Helmsley estate the right to receive an allocation of excess IPO proceeds in exchange for their interests in the private entities, to the extent available after providing cash to redeem non-accredited investors in the private entities and other uses of proceeds. This would include proceeds from any upsize of the IPO and any exercise of the underwriters option to purchase additional shares of the company s Class A common stock.

The supervisor has overseen the engagement by the subject LLC of independent property management and leasing agents, developed and substantially effected a comprehensive renovation and repositioning program for improving the physical condition of and upgrading the credit quality of tenants at the property, and raised the property s profile as part of a well regarded portfolio brand. The supervisor believes that it is an opportune time for the subject LLCs to take advantage of the opportunity to participate in the consolidation which will afford participants better value protection through diversification, growth opportunities through potential acquisitions and potential growth in revenue of the initial properties and more stable cash flows for distributions, as well as administrative and operating efficiencies. Additionally, the supervisor believes the consolidation provides value enhancement through better access to capital and options for liquidity for investors who so desire.

The supervisor believes that the consolidation of your subject LLC into the company is the best way for you to maximize the value of your investment in your subject LLC and to achieve liquidity through ownership of operating partnership units (which are exchangeable for cash or, at the option of the company, Class A common stock) and/or shares of Class A common stock, in each case, expected to be listed on the NYSE, which investors may sell from time to time as and when they so desire (subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period as described in this prospectus/consent solicitation). The supervisor believes that in view of the fact that the subject LLCs own the interests in the properties, but the operating lessees operate the properties, it would not be in the best interests of the subject LLCs to sell their interests in the properties separate from a sale by the operating lessees. The private entities (including the operating lessees), with the required consent of their participants, have agreed to transfer their interests in the properties, including their interests in the operating lessees, as part of the consolidation. The supervisor believes that the consolidation, over time, likely will result in higher values for participants in the subject LLCs than if the interests in the properties were sold individually and the subject LLCs were liquidated as a result of increased efficiencies, growth opportunities and other opportunities for value enhancement. The Malkin Holdings group will receive substantial benefits from the consolidation and have conflicts of interest in making this recommendation.

Benefits of Participation in the Consolidation

The supervisor believes that the consolidation will provide you with the following benefits:

Tax-deferred Transaction. You will have the opportunity to receive interests in the company s operating partnership on the same basis as participants in the private entities and the Malkin Family in a transaction expected to be tax-deferred for U.S. federal income tax purposes. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation. Participants are urged to consult with their tax advisor as to the tax consequences of the consolidation in light of their particular circumstances;

Liquidity. You will be able to achieve liquidity by selling all or part of your shares of Class A common stock, subject to the restrictions of applicable U.S. federal and state securities laws and after expiration of the lock-up period described under The Consolidation Lock-Up Agreement. The shares of Class A common stock are expected to be listed on the NYSE. Participants may also achieve liquidity through sale of Class A common stock issued in exchange for operating partnership units and Class B common stock, subject to such restrictions. Participants who receive operating partnership units may also sell operating partnership units, which also are expected to be listed on the NYSE, subject to restrictions described above, although the market for operating partnership units may be more limited than the market for Class A common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing. There is only a limited market for the participation interests in the subject LLCs and the highest price for sales of participation interests since January 1, 2009 of which the supervisor is aware is $50,000 per $10,000 original investment for Empire State Building Associates L.L.C., $16,000 per $10,000 original investment for 60 East 42nd St. Associates L.L.C. and $50,000 per $10,000 original investment for 250 West 57th St. Associates L.L.C., which the supervisor believes is substantially below their value;

Risk Diversification. The company will own a large number of quality office and retail properties in the Manhattan and the greater New York metropolitan area and have much broader tenant diversification than your subject LLC, which owns an interest in a single property. This diversification will reduce the dependence of your investment upon the performance of, and the exposure to the risks associated with, owning an interest in a single property, and allow for more stable cash flows for distributions;

Regular Quarterly Cash Distributions. Similar to the subject LLCs present method of operation, the supervisor expects that the company and the operating partnership will make regular quarterly cash distributions on the operating partnership units and common stock, which will include distributions of at least 90% of the company s annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains), which is required for REIT qualification. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price.

The expected regular quarterly dividends to stockholders in the company will be based on the performance of a portfolio of properties rather than just one property and are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain the company s qualification as a REIT. The supervisor believes that participants have greater potential for increased distributions as a holder of operating partnership units or common stock than as a participant in a subject LLC from improved performance of the properties, potential growth from acquisitions and a better capital structure made possible by the combined balance sheet of all the properties. There is no assurance, however, that the company s dividends will increase over time or be greater than the historical distributions made to participants in a subject LLC.

More Efficient Decision-Making. Each subject LLC currently requires several internal procedural steps to undertake major transactions, which affects its ability to take timely advantage of favorable opportunities. Financing and sales require costly and time consuming steps to obtain consent of a very high percentage of the participants in a subject LLC;

Improved Capital Structure by Eliminating Two-Tier Ownership. Except for very small loans supported by basic rent, the relationship between the subject LLCs and the operating lessees requires that any additional financing placed on an entire property requires the agreement of both the operating lessee and the subject LLCs.

Easier Access to Financing. A subject LLC cannot require the operating lessee to obtain or utilize financing to maximize its cash flow and therefore overage rent available for additional distributions to participants in the subject LLCs. Each operating lessee controls all aspects of property operations, leasing, and investment and has broad discretion to use cash flow from the property for purposes related to the applicable property. Operating lessee decisions can result in little or no overage rent to the corresponding subject LLC, and additional distributions to the subject LLC s participants are contingent on overage rent.

Eliminates Two-Tier Ownership Impact on Borrowing. In the past, decisions by operating lessees have resulted in uneven payments of overage rent to the subject LLCs from year to year. Without the cooperation of the operating lessee, there is very limited opportunity for financing by the subject LLCs to provide funds for distributions. It is likely that any lender would require agreement of the operating lessee before making any loan to a subject LLC.

Shared Motivations to Reinvest and Maintain Properties. Additionally, the operating leases between the subject LLCs and the operating lessees do not address reinvestment by the operating lessees in capital improvements for the properties. To induce reinvestment by their operating lessees, two of the subject LLCs (60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C.) have agreed, in accordance with their participants consent and the supervisor s recommendation, to extend the operating leases. These extensions have been coupled with consents by the operating lessees to allow financing on the entire property, which minimized the impact of reinvestment on operating profit and allowed for additional distributions from overage rent.

In connection with these extension and financing agreements, the basic rent has been increased by the amount of the increase in debt service arising from the financing, and such increase in basic rent is deducted in calculating overage rent, ultimately resulting in the debt service being shared 50/50 between each such subject LLC and its operating lessee. In the case of the Empire State Building, because of the pendency of this proposed consolidation, there has been no such lease extension request, though the operating lessee has consented to limited advances under a property mortgage loan made to Empire State Building Associates L.L.C. and has subordinated the operating lease to such advances. If the consolidation does not go forward, the operating lessee has indicated it will request additional lease extensions as a condition for subordination to additional mortgage advances at that time.

Broader Markets for Property Sales. Finally, as described under Background of and Reasons for the Consolidation The Supervisor s Reasons for Proposing the Consolidation, the supervisor believes that, unless the operating lessee joins with the corresponding subject LLC in a sale of the property, such a sale would not maximize the value of the such subject LLC s interests in the property.

Modern Governance Structure. The company will have a modern governance structure. Capital reinvestment and financing decisions will be based on what is considered to be best for the company, and there will be no need to secure approvals of operating lessees or subject LLCs. Such decisions will be made under a corporate governance structure governed by a board of directors, with six of seven directors being independent.

Quarterly Distributions of a Minimum of 90% of REIT Taxable Income. The supervisor expects that the company and the operating partnership will make regular quarterly cash distributions on the operating partnership units and common stock, which will include distributions of at least a minimum of 90% of the company s annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding any net capital gains), as required for REIT qualification. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price. Such distributions will be based on a portfolio of properties, rather than investors being dependent on a single property. The subject LLCs generally have been required to maintain property-level reserves to meet potential future expenditures, including those relating to repairs, maintenance and capital improvement, and such reserves generally have been, and in the future, if the consolidation is not consummated, are expected to be, required under the subject LLCs loan agreements. The supervisor does not believe that property-level reserves will be required to be maintained by the company and, as a result, additional cash should be available to the company for distribution;

Risk of Reduction in Distributions if Consolidation is Not Consummated. Distributions from your subject LLC come from payments made by the operating lessee. Your operating lessee is required to pay a low basic rent to your subject LLC. Any payment you receive above that comes from the profits from your operating lessee s performance and comes in the form of payment of overage rent out of profits from the operating lessee s operations of the property. The operating lessee makes all decisions relating to the operations of the property.

Decisions over which the operating lessee has control which directly impact whether or not there is overage rent from which you may receive additional distributions include whether or not to lease, whether or not to improve the property, whether to use the cash flow from the property or to seek financing for capital expenditures, and whether to use cash flow for property-related expenses. From the overage rent which is paid, the supervisor maintains reserves for expenses. The balance, if any, is paid out as a distribution from overage rent. In recent years, overage rent has been made possible from time to time through the operating lessee working with your subject LLC to gain consents for financing, the operating lessee agreeing to borrow, and the proceeds of borrowing being used to pay for expenses rather than relying exclusively on cash flow from the property.

In the past, when the operating lessee for your subject LLC has not used financing, overage rent has decreased or ceased. If the operating lessee for your subject LLC exercises its right to use cash flow to fund future capital improvements, tenant installation costs, commissions and other expenses rather than to use financing, your distributions from overage rent may again decrease or cease. If the operating lessee for your subject LLC has a deadlock in operating decision-making, it may make decisions or take actions which meaningfully reduce the prospects of your subject LLC s receipt of overage rent in the future. In the case of the Empire State Building, because of the pendency of this proposed consolidation, Empire State Building Company, L.L.C., the operating lessee, has consented to advances of up to the current outstanding principal amount under a property mortgage loan made to Empire State Building Associates L.L.C. and has subordinated the operating lease to such advances, as required by the lender, without having requested an extension of the term of the operating lease beyond any extension provided for in the operating lease.

At the two other properties involved in this consent solicitation, 250 West 57th Street and One Grand Central Place, their improvement and financing programs were linked to extensions of their operating leases. If the consolidation does not go forward, it is possible that the operating lessee of the Empire

State Building may not approve additional advances under the loan agreement unless Empire State Building Associates L.L.C. approves lease extensions, in which case the operating lessee may use cash flow for expenditures to improve the building and conclude leases, resulting in immediate and sustained reductions or cessation of overage rent, or may either defer or not make such expenditures.

Decisions as to whether to use cash flow or financing are made by the operating lessees from time to time and no decision has been made by any of the operating lessees involved in this consent. Any decision by the operating lessees for 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C. would require the consent of members of the Malkin Holdings group and/or the Helmsley estate or their successor in interest. Any decision by the operating lessee of the Empire State Building would require the consent of the members of both the Malkin Holdings group and the Helmsley estate or their successor in interest.

Increased Accountability. As a result of the governance structure of a company with its Class A common stock and operating partnership units expected to be listed on the NYSE, stockholders will benefit from the oversight by a board of directors consisting predominantly of independent directors.

Growth Potential. The supervisor believes that you have greater potential for increased distributions as a unitholder or stockholder and increased value from capital appreciation than as a participant in your subject LLC. The supervisor s belief is based on the anticipated growth in the revenues of the initial properties operated as a portfolio under the Malkin brand and potential additional investments by the company;

Greater and More Efficient Access to Capital. The company will have a larger base of assets and believes that it will have a greater variety of options and ability to access the capital markets and the equity value in its assets than any of the subject LLCs individually. As a result, the company expects to have greater and more efficient access to the capital necessary to fund its operations, fund renovations to the properties and consummate acquisitions than would be available to any of the subject LLCs individually. The supervisor believes that it would be extremely difficult for the subject LLCs to obtain similar access to capital due to their size and ownership structure;

Elimination of Risk and Discount in Value from Subject LLCs   Passive Ownership of the Property Interests. Each subject LLC owns an interest in a single property subject to an operating lease. The operating lessee operates the property and the subject LLC does not participate in the management of the operations of the property. The market for the interest held by each subject LLC is smaller and the interest less valuable than of the entire property not subject to the operating lease. Following the consolidation, ownership and operation of the properties owned by the subject LLCs and private entities will be integrated;

Valuable Synergies. The subject LLCs presently benefit from being part of a portfolio of properties with a common brand awareness. However, under the current structure, there are major obstacles to obtaining true synergies and realization of value, such as combining financings, movements of tenants from one building to another, sharing of employees and management and oversight. The consolidation will remove such obstacles and free up access to value creation;

Position in Highly Desirable Marketplace. The properties owned by the subject LLCs and the private entities are concentrated in Manhattan and the greater New York metropolitan area. The supervisor believes this is one of the most highly desired markets in the world for office and retail properties;

Reduced Conflicts of Interest. From inception, the supervisor has represented many different ownership interests, and the subject LLCs and the private entities, therefore, have been exposed to conflicts of interest. For example, the supervisor and persons associated with the supervisor act as an external manager for all of the entities (including the subject LLCs and the operating lessees), serve as agents for the participants in the subject LLCs and certain of the private entities, determine when to make recommendations on sales, financings and operations of the properties, and make or recommend all

45

operating and leasing decisions in all operating entities and all decisions of the subject LLCs. Decisions made by the supervisor in its capacity as supervisor of the operating lessees with regard to property operations dictate the cash available for distribution to the subject LLCs, which are also supervised by the supervisor. The company, on the other hand, will be managed by its officers, subject to the direction and control of its board of directors, which will consist predominantly of independent directors, and all the properties will be owned directly or indirectly by a single entity, without a division of interests. There will not be separate interests of different groups of owners and there will not be a role for, or *requirement* of, an outside supervisor. Accordingly, the supervisor believes this consolidated structure eliminates the conflicts inherent in the structure which have been there from inception of the subject LLCs and the private entities and more closely aligns the interests among the stockholders and management; and

Election to Receive Operating Partnership Units, Class A Common Stock and/or Class B Common Stock. Each participant in a subject LLC will have the option to receive operating partnership units in a transaction expected to be tax-deferred for U.S. federal income tax purposes. Each participant will receive operating partnership units, unless such participant elects to receive shares of Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. The Malkin Holdings group will receive its consideration as follows: 97.00% in operating partnership units, 1.03% in Class A common stock and 1.97% in Class B common stock. The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group) and in a separate series to the participants in the private entities receiving operating partnership units and the Wien group. Each series of operating partnership units will have identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership.

Third-Party Portfolio Transaction

As a potential alternative to the consolidation, you also are being asked to consent to the sale or contribution of the subject LLC s property interest as part of a sale or contribution of the properties owned by the subject LLCs, the private entities and the management companies as a portfolio to an unaffiliated third party. Through solicitation of consents, for the first time the properties owned by the subject LLCs and the private entities can be joined as a single portfolio. While the supervisor believes the consolidation and IPO represent the best opportunity for participants in the subject LLCs and the private entities to achieve liquidity and to maximize the value of their respective investments, the supervisor also believes it is in the best interest of all participants for the supervisor to be able to approve offers from unaffiliated third parties for the portfolio as a whole.

Market forces are dynamic, unpredictable, and subject to volatility. Should the public awareness of the proposed consolidation and IPO produce potential compelling offers from unaffiliated third parties to purchase the consolidated portfolio, it will be costly and time consuming to solicit consents to allow a sale or contribution of the portfolio to a third party, and there is considerable risk that any opportunity which might appear would be lost without the requested consent in place. Therefore, the supervisor believes that it is advisable to have the flexibility and discretion, subject to certain conditions, to accept an offer for the entire portfolio of properties from an unaffiliated third party, rather than pursue the consolidation and IPO. The supervisor will consider an offer from an unaffiliated third party only for the entire portfolio of properties owned by all of the subject LLCs and all of the private entities (including the operating lessees of the subject LLCs), excluding (a) the option properties, (b) certain properties owned by the private entities that are not included in the consolidation, (c) any

Table of Contents

property interest as to which the required consent is not received, and (d) any property interest as to which customary contract conditions, such as absence of a material adverse change, are not satisfied. A third-party portfolio transaction also will include the management companies.

The third-party portfolio transaction would be undertaken only if the aggregate consideration payable in the third-party portfolio transaction is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. If such a third-party portfolio transaction were to proceed, the consideration will be allocated among the subject LLCs, the private entities and the management companies on a basis consistent with the exchange values.

A third-party portfolio transaction would include the following:

- The proposal must provide for all cash, payable in full at closing. There will be no purchase price adjustments, earn-outs, or any other similar or contingent payments.

- The proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family, affiliates of the subject LLCs and private entities and participants in the subject LLCs and the private entities will have the right to elect to receive securities only on the same proportional basis as other participants.

- No member of the Malkin Family, and no other affiliate of the subject LLCs or the private entities will be an affiliate, consultant, employee, officer or director of the acquiror or any of its affiliates or subsidiaries before or after the closing or receive any compensation or any other consideration from the acquiror or any of its subsidiaries or affiliates (other than their pro rata share of the consideration that they will receive in the third-party portfolio transaction).

Employees of the supervisor, other than the Malkin Family, could become officers, directors, and/or employees of the acquiring entity after a third-party portfolio transaction.

Because of the inability to act without consent of the subject LLCs and certain of the private entities, the supervisor intends to inform any unaffiliated third-party which expresses interest in making a third-party offer that it will not consider any offer until after completion of the solicitation of consents of the subject LLCs. If a bona fide offer is submitted during the solicitation period, the supervisor will provide information regarding the proposal to participants, to assist them in their decision regarding the consolidation.

The supervisor has agreed that it will not accept a third-party offer unless it is unanimously approved by a committee which will include representatives of the supervisor and a representative of the Helmsley estate. The supervisor will be authorized to approve offers only if a definitive agreement is entered into prior to December 31, 2015 or such earlier date as the supervisor may set with or without notice or public announcement. The tax protection agreement will not apply to a third-party portfolio transaction.

Settlement of Class Action

In March 2012, five putative class actions, or the Class Actions, were filed in New York State Supreme Court, New York County by participants in Empire State Building Associates L.L.C. and several other entities supervised by the supervisor, against Malkin Holdings LLC, Malkin Properties, L.L.C., Malkin Properties of New York, L.L.C., Malkin Properties of Connecticut, Inc., Malkin Construction Corp., Anthony E. Malkin, Peter L. Malkin, the Helmsley estate, the operating partnership and the company. The parties entered into a Stipulation of Settlement dated September 28, 2012, resolving the Class Actions.

The Stipulation of Settlement states, among other things, that the transaction presents potential benefits, including the opportunity for liquidity and capital appreciation, that merit the participants serious consideration and that each of named class representatives intends to support the transaction as modified. The terms of the settlement include, among other things (i) a payment of $55 million, with a minimum of 80% in cash and maximum of 20% in freely-tradable shares of common stock and/or freely-tradable operating partnership units to be distributed, after reimbursement of plaintiffs counsel s court-approved expenses and payment of plaintiffs counsel s court-approved attorneys fees and, in the case of shares of common stock and/or operating partnership units, after the termination of specified lock-up periods, to participants in the subject LLCs and the private entities pursuant to a plan of allocation to be prepared by counsel for plaintiffs; (ii) defendants agreement that (a) the IPO will be on the basis of a firm commitment underwriting; (b) if, during the solicitation period, any of the three subject LLC s percentage of total exchange value is lower than what is stated in the final prospectus/consent solicitation by 10% or more, such decrease will be promptly disclosed by defendants to investors in the subject LLCs; and (c) unless total gross proceeds of $600,000,000 are raised in the IPO, defendants will not proceed with the transaction without further approval of the subject LLCs; and (iii) defendants agreement to make additional disclosures in this prospectus/consent solicitation regarding certain matters (which are included herein).

The payment in settlement of the Class Actions will be made by the Helmsley estate and the Malkin Holdings group (provided that no member of the Malkin Holdings group that would become a direct or indirect subsidiary of the company in the consolidation will have any liability for such payment) and certain participants in the private entities who agree to contribute. The company and the operating partnership will not bear any of the settlement payment. The settlement is subject to court approval. It is not effective until such court approval is final, including the resolution of any appeal. See The Company Business and Properties Legal Proceedings.

Risk Factors

The Consolidation or a Third-Party Portfolio Transaction

The following is a summary of the material risks of the consolidation and the third-party portfolio transaction. The risks are more fully discussed in Risk Factors. The supervisor believes that the risks described hereunder have substantially the same effect on each of the subject LLCs. You should consider these risks in determining whether or not to vote **FOR** the consolidation proposal or the third-party portfolio proposal.

- The fair market value of the consideration that you receive will not be known until the pricing of the IPO, which will occur after you vote upon the approval of the consolidation transaction. The valuation of the consideration that you will receive in the consolidation, as presented in this prospectus/consent solicitation, is based on the exchange value of your subject LLC and the aggregate exchange value. These exchange valuations were based on the Appraisal by the independent valuer. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO.

The participants will not know at the time they vote on the consolidation the size, makeup and leverage of the company or the exact number of operating partnership units and/or shares of common stock that the participants in the subject LLCs will receive in the consolidation. The consolidation is conditioned on the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land; and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building but is not conditioned on any of the other subject LLCs or private entities contributing their property interests to the company in the consolidation. Each subject LLC represents a significant portion of the exchange value and anticipated future net income and cash flow of the company;

If the consolidation is approved, the contribution agreements require that the consolidation be consummated by December 31, 2014. There could be significant changes in the value of the company between the date that the consents are received and the date of consummation of the consolidation. The consolidation may be consummated regardless of how significant such changes are and may be consummated notwithstanding such changes;

The supervisor arbitrarily has assigned $10 as the hypothetical value of each operating partnership unit and share of common stock for purposes of illustrating the number of shares of common stock and operating partnership units that will be issued to each of the subject LLCs, the private entities and the management companies in the consolidation. The IPO price of the Class A common stock may be below the hypothetical $10 per share;

After the consolidation and completion of the IPO, your investment will be subject to market risk and the trading price of the operating partnership units and Class A common stock may fluctuate significantly and may trade at prices below the IPO price. Your ability to sell operating partnership units and shares of Class A common stock will be subject to the restrictions of applicable U.S. federal and state securities laws and subject to the lock-up period described herein;

The value of the operating partnership units and common stock to be received by the participants in connection with the consolidation may be less than the fair market value of the participants participation interests in the subject LLCs;

The consolidation of your subject LLC into the company involves a fundamental change in the nature of your investment, including:

You no longer will hold a participation interest in a subject LLC that owns an interest in a single property subject to an operating lease located in Manhattan. Instead, you will own operating partnership units in the operating partnership and/or shares of common stock in the company if the consolidation is consummated, which will own a portfolio of office and retail assets in Manhattan and the greater New York metropolitan area. The company will own, and in the future may invest in, types of properties different from those in which your subject LLC has invested, and you may be subject to increased risk because of the larger number of properties and broader types of properties held by the company;

Historically, the supervisor generally has not reinvested the proceeds from a sale of properties by investment programs that it supervises, although it is not restricted from doing so. Net proceeds which are not reinvested or reserved in the supervisor s discretion would be distributed to the participants in accordance with each subject LLC s organizational documents. As the company expects to reinvest the proceeds from sales of its properties, you likely will not receive a distribution of any such proceeds, and such reinvestments may be made in properties that are not profitable;

While the participants in Empire State Building Associates L.L.C. in 2008 authorized the supervisor to obtain financing to invest in properties, none of the subject LLCs has acquired any additional properties. The company may raise additional funds through equity or debt financings to make future acquisitions of properties. You may be subject to the risk that the company s future issuances of debt or equity securities or the company s other borrowings will reduce the market price of the operating partnership units or shares of Class A common stock and dilute your ownership in the company;

You will have different voting rights as a result of the consolidation. As a holder of participation interests in a subject LLC, you generally have voting rights only on the sale, mortgage or transfer of the interest in the property, modification of the existing lease on the property held by your subject LLC or entry into a new lease affecting your subject LLC. As a stockholder of the company, you will have voting rights that permit you to elect the board of directors and to approve certain major actions such as mergers and sales of all or substantially all of the assets of the company. Such voting rights do not include the right to consent to a financing;

As a result of the consolidation, you will no longer own a participation interest in your subject LLC which entitles you to a pro rata share of distributions made to participants in your subject LLC derived from cash flow from operations or cash flow from sales or financings. Your subject LLC makes small regular monthly distributions and annual distributions out of overage rent to the extent paid under the operating lease, in each case, to the extent of available cash flow. You will hold operating partnership units in the operating partnership and/or shares of common stock in the company, which will entitle you to a per share/unit amount of dividends and distributions paid with respect to the operating partnership units and common stock (which are expected to be paid quarterly and include distributions of at least 90% of the company s annual REIT taxable income determined without regard to the deduction for dividends paid and excluding net capital gains). REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price; as is required for the company s continued REIT qualification, if, as and when declared by the board of directors of the company. The amount of such dividends and distributions and the timing thereof will be established by the board of directors; and

As a result of the consolidation, the Malkin Holdings group and its affiliates will no longer receive supervisory fees and distributions on account of their participation interests and override interests. Anthony E. Malkin, David A. Karp, Thomas P. Durels and Thomas N. Keltner, Jr., executives of the supervisor, will become officers, and Mr. Malkin will become a director, of the company, and will receive customary salaries, bonuses and benefits as determined by the company s board of directors, in addition to dividends and distributions payable to the Malkin Holdings group in respect of shares of common stock and operating partnership units they hold.

Participants will receive operating partnership units, unless they elect to receive shares of Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. While the holders of operating partnership units generally will have the same rights to distributions as stockholders in the company, holders of operating partnership units will not have the same voting rights as stockholders, although participants will have the right to elect to receive Class B common stock, which vote together as a class with the Class A common stock, in lieu of a portion of their operating partnership units;

While the operating partnership units issued to participants in the subject LLCs are expected to be listed on the NYSE, they will not be acquired by investors in the IPO. The market for the operating partnership units may be more limited than for the Class A common stock, and, accordingly participants who receive operating partnership units may not be able to liquidate their investment prior

Table of Contents

to 12 months after the completion of the IPO when they can redeem all or a portion of their operating partnership units for a cash amount equal to the then-current market value of one share of Class A common stock per operating partnership unit, or, at the company s election, to exchange each such operating partnership unit for a share of Class A common stock on a one-for-one basis;

The operating partnership units to be issued to participants in the subject LLCs (other than the Wien group) will be issued in three separate series, each of which will be listed and traded separately. Because the operating partnership units are in separate series, there will be fewer holders of each series. While each of the series has the same rights, the tax consequences to a participant that receives, and a subsequent purchaser of, operating partnership units of a particular series will be different than those to a participant that receives, and a subsequent purchaser of, operating partnership units of another series (based on different and unique tax attributes of the properties being contributed by each of the subject LLCs). These factors may adversely affect the market for operating partnership units. To avoid such factors and to achieve liquidity, holders of operating partnership units may elect to exercise their redemption rights with respect to such operating partnership units, which commence 12 months after the completion of the IPO, and, if applicable, sell the Class A common stock received in exchange;

While the subject LLCs exchange values have been determined based on the Appraisal by the independent valuer, which has also delivered a fairness opinion, no independent representative was retained to negotiate on behalf of the participants. There are 23 subject LLCs and private entities and groups with different interests in many of these entities. The supervisor does not believe that a single independent representative could have represented the interests of all participants and believes that to locate and retain an independent and equally competent and qualified representative for each separate interest in the consolidation is not possible. The supervisor represents the interests of all participants in the subject LLCs and private entities. The supervisor has served the same role in the past for sales of other properties with different groups of participants, which included the sale of three office properties in New York City in the past fifteen years, 200 Fifth Avenue (known as the International Toy Center), 498 Seventh Avenue and 500-512 Seventh Avenue, and believes it is not required to retain any independent representative on behalf of each group of participants or all of the participants as a whole. The supervisor believes the Appraisal prepared by the independent valuer serves the purposes of representing all parties fairly and that the consolidation is fair to all participants regardless of the absence of any such independent representative. If a representative or representatives had been retained for the participants, the terms of the consolidation might have been different and, possibly, more favorable to the participants;

While the independent valuer appraised each property, the independent valuer s fairness opinion addressed only the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash consideration) (i) among the subject LLCs, the private entities and the management companies and (ii) to the participants in each subject LLC and each private entity (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private entities);

The independent valuer s fairness opinion cannot address the market value of the operating partnership units and/or common stock you will receive, which can only be set by the market value at the time the IPO is consummated;

For each subject LLC, approval of the consolidation by the requisite vote of the participants will cause the subject LLC to participate in the consolidation, whether you vote **FOR** or **AGAINST** the consolidation;

The organizational documents provide that if more than a specified percentage of participation interests in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. approve an action, the agents may purchase on behalf of the subject LLC the participation interests of participants who do not approve such action, and that price would be substantially below the exchange value of the participation interests. If the required supermajority consent of the participation interests in a participating group in a subject LLC approves the consolidation, an agent s participating group will purchase on behalf of the subject LLC the participation interests of the participants that do not approve the consolidation, at a price substantially below the exchange value of the participation interests;

If the required percentage of participation interests in the participating groups in a subject LLC approves the consolidation and the subject LLC is consolidated with the company, the subject LLC no longer can enter into alternatives to the consolidation. These alternatives include (i) continuation of the subject LLC and (ii) a sale of the subject LLC s interest in the property followed by the distribution of the net proceeds to its participants;

From inception, the supervisor has represented many different ownership interests, and the subject LLCs and the private entities, therefore, have been exposed to conflicts of interest. For example, the supervisor and persons associated with the supervisor act as an external manager for all of the entities (including the subject LLCs and operating lessees), serve as agents for the participants in the subject LLCs and certain of the private entities, determine when to make recommendations on sales, financings and operations of the properties, and make or recommend all operating and leasing decisions in all operating entities and all decisions of the subject LLCs. Decisions made with regard to property operations dictate the cash available for distribution to the subject LLCs;

The Malkin Holdings group will receive shares of Class A common stock and Class B common stock and operating partnership units which are exchangeable for cash or, at the company s election, Class A common stock, having an aggregate value of $730,781,533, which they will receive in accordance with the allocation of exchange value based on the Appraisal. The amounts allocated to the Malkin Holdings group are based on the hypothetical $10 per share exchange value that the supervisor arbitrarily assigned for illustrative purposes, and consists of: their interests as participants which will be allocated to them on the same basis as other participants; their interests as holders of override interests which will be allocated to them in accordance with the subject LLCs and private entities organizational documents; and their interests in the management companies, which will be allocated to them in accordance with the valuations of the management companies by the independent valuer. This is in addition to shares of Class A common stock issuable in respect of the voluntary pro rata reimbursement program consented to by participants in the subject LLCs and its share of distributions of any cash available for distribution from the subject LLCs prior to the consolidation. The Malkin Holdings group also will receive other benefits from the consolidation, and have interests that conflict with those of the participants. The Malkin Family is also subject to a longer lock-up period than other participants before they can begin to sell common stock or operating partnership units. The Malkin Family may not sell their common stock or operating partnership units until one year after the IPO pricing date. See Conflicts of Interest and Benefits to the Supervisor and its Affiliates.

If you receive solely Class A common stock, you generally will recognize gain or loss for U.S. federal income tax purposes with respect to your participation interest equal to the amount by which the value of any shares of Class A common stock you receive in connection with the consolidation, plus the amount of liabilities allocable to your participation interest, exceeds your tax basis in your participation interest. You will recognize phantom income (*i.e.*, income in excess of the value of any shares of Class A common stock you receive) if you have a negative capital account with respect to your participation interest. The supervisor urges you to consult with your tax advisor to evaluate the tax consequences to you in your particular circumstances as a result of the consolidation;

To the extent you receive or are deemed to receive common stock you may also recognize gain or loss for U.S. federal income tax purposes, as more fully discussed under U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation and U.S. Federal Income Tax Considerations of the Voluntary Pro Rata Reimbursement Program for the Former

Property Manager and Leasing Agent Legal Proceedings. The supervisor urges you to consult with your tax advisor to evaluate the tax consequences to you in your particular circumstances as a result of your participation in the consolidation;

The supervisor may not approve a third-party portfolio transaction even if it provides for more consideration than to be issued or paid pursuant to the consolidation. The supervisor is authorized to approve a third-party portfolio transaction only if the aggregate consideration is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met; provided that, subject to its fiduciary duties, the supervisor is not required to accept any offer that the supervisor is authorized to accept. The proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. If the proposal provides for a securities option, the Malkin Family will have the right to elect to receive securities only on the same proportional basis as other participants. No member of the Malkin Family will be an affiliate, consultant, employee, officer or director of the acquiror after the closing or receive any compensation from the acquiror (other than their pro rata share of the consideration that they will receive in the third-party portfolio transaction). In addition, supervisor has agreed that it will not accept a third-party offer unless it is unanimously approved by a committee which will include representatives of the supervisor and a representative of the Helmsley estate;

If the required percentage of participation interests in their participating group consents to the third-party portfolio proposal, participants in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. who voted **AGAINST** the third-party portfolio proposal, did not return a consent form or **ABSTAINED** will be bought out regardless of whether the required consents of other participating groups is received or whether there is a third-party portfolio offer at a price substantially below the exchange value of their participation interests;

At the time you vote on the third-party portfolio proposal, there will be significant uncertainties as to the terms of any third-party portfolio transaction, which may not be received until after the consent solicitation has been completed, including the amount of consideration you would receive if a third-party portfolio transaction is consummated. These uncertainties affect your ability to evaluate the third-party portfolio proposal. The supervisor may approve a third-party portfolio transaction which you may view as less favorable than the consolidation; and

The supervisor, the agents and their affiliates serve in their respective capacities with respect to each subject LLC and each private entity, and, as such, have conflicts of interest in connection with decisions concerning the terms of a third-party portfolio transaction.

Ownership of Operating Partnership Units in the Operating Partnership and Shares of Common Stock in the Company

The following is a summary of the material risks of ownership of operating partnership units in the operating partnership and shares of common stock in the company.

There is no assurance as to the amount or source of funds for the estimated initial cash distributions of the operating partnership or the company, and the expected initial cash distributions to the participants following the consolidation could be less than the estimated cash distributions participants would receive from their respective subject LLCs;

All of the company s properties are located in Manhattan and the greater New York metropolitan area, in particular midtown Manhattan, and adverse economic or regulatory developments in this area could materially and adversely affect the company;

Adverse economic and geopolitical conditions in general and in Manhattan and the greater New York metropolitan area commercial office and retail markets in particular, could have a material adverse

53

effect on the company s results of operations, financial condition and its ability to make distributions to its stockholders and holders of operating partnership units;

There can be no assurance that the company s renovation and repositioning program will be completed in its entirety in accordance with the anticipated timing or at the anticipated cost, or that the company will achieve the results it expects from the renovation and repositioning program, which could materially and adversely affect the company s financial condition and results of operations;

The company may be unable to renew leases, lease vacant space or re-lease space on favorable terms as leases expire, which could materially and adversely affect the company s financial condition, results of operations and cash flow;

The company is exposed to risks associated with property redevelopment and development that could materially and adversely affect its financial condition and results of operations;

The company depends on significant tenants in its office portfolio, including LF USA, Coty, Inc., Legg Mason, Warnaco and Thomson Reuters, which together represented approximately 20.9% of the company s total portfolio s annualized base rent as of September 30, 2012;

The company s dependence on rental income may materially and adversely affect its profitability, its ability to meet its debt obligations and its ability to make distributions to its stockholders and holders of operating partnership units;

The company s option properties are subject to various risks, and the company may not be able to acquire them;

Competition for acquisitions may reduce the number of acquisition opportunities available to the company and increase the costs of those acquisitions, which may impede the company s growth;

The observatory operations at the Empire State Building are not traditional real estate operations, and competition and changes in tourist trends may subject the company to additional risks;

The broadcasting operations at the Empire State Building are not traditional real estate operations, and competition and changes in the broadcasting of signals over air may subject the company to additional risks, which could materially and adversely affect the company;

The company s outstanding indebtedness upon completion of the IPO reduces cash available for distribution and may expose the company to the risk of default under its debt obligations;

The continuing threat of a terrorist event may materially and adversely affect the company s properties, their value and the ability to generate cash flow;

The company may assume unknown liabilities in connection with the consolidation, which, if significant, could materially and adversely affect its business;

The departure of any of the company s key personnel could materially and adversely affect the company;

The company s Chairman, Chief Executive Officer and President has outside business interests that will take his time and attention away from the company, which could materially and adversely affect the company;

The company s operating performance and value are subject to risks associated with real estate assets and the real estate industry, the occurrence of which could materially and adversely affect the company;

The company has no operating history as a REIT or as a publicly-traded company and its lack of experience could materially and adversely affect the company;

Table of Contents

Certain provisions of Maryland law could inhibit changes in control of the company, which could negatively affect the market price of the Class A common stock;

There will be no public market for the operating partnership units or common stock prior to the IPO and an active trading market may not develop or be sustained following the IPO, which may negatively affect the market price of the operating partnership units and shares of the Class A common stock and make it difficult for investors to sell their operating partnership units or shares;

Cash available for distribution may not be sufficient to make distributions at expected levels;

Failure of the operating partnership to maintain its status as a partnership for U.S. federal income tax purposes and/or the company to qualify or remain qualified as a REIT would subject the operating partnership and/or the company to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to holders of operating partnership units and/or company shareholders; and

The REIT distribution requirements could require the company to borrow funds during unfavorable market conditions or subject the company to tax, which would reduce the cash available for distribution to the stockholders.

Conflicts of Interest and Benefits to the Supervisor and its Affiliates

From inception of the subject LLCs, the supervisor, the agents of the subject LLCs and their respective affiliates and related persons have served as supervisor, agents for groups of participants or in a similar capacity with respect to each subject LLC and each private entity with conflicts of interest and as such have conflicts of interest in connection with the consolidation. The supervisor and its affiliates will receive benefits as a result of the consolidation or a third-party portfolio transaction. These benefits and conflicts include:

The Malkin Holdings group will receive 73,078,153 shares of Class A common stock, Class B common stock and operating partnership units having an exchange value of $730,781,533, which they will receive in accordance with the allocation of exchange value based on the Appraisal by the independent valuer. The amounts allocated to the Malkin Holdings group consist of: their interests as participants which will be allocated to them on the same basis as other participants; their interests as holders of override interests which will be allocated to them in accordance with the subject LLCs and private entities organizational documents; and their interests in the management companies, which will be allocated to them in accordance with the valuations of the management companies by the independent valuer. This is in addition to shares of Class A common stock issuable in respect of the voluntary pro rata reimbursement program consented to by participants in the subject LLCs and its share of distributions of any cash available for distribution from the subject LLCs prior to the consolidation;

Following the consolidation, certain executives of the supervisor will be members of the senior management team and Anthony E. Malkin, an executive and principal of the supervisor, will be Chairman, Chief Executive Officer, President and a director of the company;

Upon completion of the IPO, the company expects to grant LTIP units and/or restricted shares of its Class A common stock to its independent directors, executive officers (other than Anthony E. Malkin) and certain other employees, including certain executives of the supervisor. Assuming the company receives gross proceeds from the IPO of $1,000,000,000 (excluding the underwriters option to purchase additional shares of the company s Class A common stock), and assuming an IPO price of $10 per share, David A. Karp, the company s Chief Financial Officer, Executive Vice President and Treasurer, is expected to be granted 114,500 LTIP units and/or restricted shares of Class A common stock, Thomas P. Durels, the company s Executive Vice President and Chief of Property Operations and Leasing, is expected to be granted 395,700 LTIP units and/or restricted shares of Class A common stock, and Thomas N. Keltner, Jr., the company s Executive Vice President, General Counsel and

Secretary, is expected be granted 252,800 LTIP units and/or restricted shares of Class A common stock. The LTIP units and/or restricted share will be subject to time-vesting and/or performance-vesting over a three to four year period;

The company intends to enter into (i) an employment agreement with Anthony E. Malkin providing for salary, bonus and other benefits, including severance upon a termination of employment under certain circumstances and the issuance of equity awards as described under Management Employment Agreement and (ii) change in control severance agreements with Thomas P. Durels, David A. Karp and Thomas N. Keltner, Jr. as described under Management Change in Control Severance Agreements, and it is expected that other members and officers of the supervisor will be officers and employees of the company;

Members, managers and officers of the supervisor, who will be employed by the company, will be indemnified by the company for certain liabilities and expenses incurred as a result of actions brought, or threatened to be brought, against them for actions taken as officers and as a director of the company and for actions taken on behalf of the supervisor and other management companies, in their capacities as such, including actions relating to the consolidation;

As part of the consolidation, the operating partnership intends to enter into a tax protection agreement with Peter L. Malkin and Anthony E. Malkin pursuant to which the operating partnership will agree to indemnify the Wien group and an additional third party investor in Metro Center (who was one of the original landowners and was involved in the development of the property) against certain tax liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value) to be acquired by the operating partnership in the consolidation, for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both of Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by these properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership s failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such investor owns less than the aggregate number of operating partnership units and shares of common stock equal to 50% of the aggregate number of such units and shares such investor received in the consolidation. The company believes that it is consistent with market practice for significant contributing unitholders, such as the Malkin Group and the one additional third party investor in Metro Center, to be indemnified against certain tax liabilities as set forth in the tax protection agreement. Accordingly, the company believes it is appropriate to enter into a tax protection agreement. The operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after the IPO, the amount of the operating partnership s indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2012, and exchange values, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $97.7 million (which will be $119.6 million beginning after December 31, 2012 if certain sunset provisions under the Internal Revenue Code are not altered or reversed).

The company will release (i) Anthony E. Malkin and Peter L. Malkin from all claims, liabilities, damages and obligations against them related to their ownership of interests in any of the subject LLCs or the private entities and (ii) certain members of the company s senior management team who were officers or employees of the supervisor from all claims, liabilities, damages and obligations against them related to their ownership in the subject LLCs, the private entities and the management companies and their employment with the management companies that exist at the closing of the consolidation, other than breaches by them or entities related to them, as applicable, of the employment and non-competition agreement and the contribution agreements and the merger agreements entered into by them and these entities in connection with the consolidation;

The company does not presently intend to sell or take any other action which would result in a tax protection payment with respect to the properties covered by the tax protection agreement. The tax protection agreement will not apply to a third-party portfolio transaction.

Peter L. Malkin and Anthony E. Malkin will be released from or otherwise indemnified for liabilities arising under certain guarantees and indemnities with respect to approximately $1.11 billion of mortgage loans (including currently undrawn amounts) on the company s properties, which will be assumed by the company upon closing of the IPO and the consolidation in respect of obligations arising after the closing. The guarantees and indemnities with respect to mortgage loans of many of the existing entities, including the subject LLCs, were undertaken by Messrs. Malkin and Malkin to meet a conventional lender requirement which became standard only long after such entities were formed. In each case, Messrs. Malkin and Malkin provided such guarantee while serving in a representative capacity as an agent or member of a subject LLC or private entity which was then seeking a mortgage loan. The lender required such guarantee, and no party was available or willing to provide it except Messrs. Malkin and Malkin. They received no compensation for the guarantee and provided it as an accommodation to benefit such subject LLC or private entity in obtaining financing. The guarantees and indemnities with respect to all of the indebtedness are, in most instances, limited to losses incurred by the applicable lender arising from acts such as fraud, misappropriation of funds, intentional breach, bankruptcy and certain environmental matters. In connection with the company s assumption of these mortgage loans, it will seek to have the guarantors released from these guarantees and indemnities and to have the company s operating partnership assume any such guarantee and indemnity obligations as replacement guarantor and/or indemnitor. To the extent lenders do not consent to the release of these guarantors and/or indemnitors, and they remain guarantors and/or indemnitors on assumed indebtedness following the IPO and the consolidation, the company s operating partnership will enter into indemnification agreements with the guarantors and/or indemnitors pursuant to which the company s operating partnership will be obligated to indemnify such guarantors and/or indemnitors for any amounts paid by them under guarantees and/or indemnities with respect to the assumed indebtedness. The company believes that since the mortgage loans relating to the guarantees and indemnities will be assumed by the company upon closing of the consolidation, and it will have greater financial resources than the individual property owning entities which are subject to the mortgage loans, it is appropriate, and consistent with market practice, for Messrs. Malkin and Malkin to be indemnified by the company s operating partnership if the lenders do not consent to the release of these guarantors and/or indemnitors. Under the organizational documents of the subject LLCs and private entities and applicable law, Messrs. Malkin and Malkin are already generally entitled to indemnification from the participants in the subject LLCs and the private entities for liabilities incurred by them in good faith and not arising out of their own willful misconduct or gross negligence, including any such liabilities under these guarantees and indemnities. In addition, in connection with future mortgage loans that the company would enter into in connection with future property acquisitions or refinancing of the company s properties, the company intends to enter into any necessary guarantees directly, and neither Messrs. Malkin and Malkin nor any of the company s other directors, executive officers or stockholders would be expected to enter into such guarantees;

The supervisor and the Malkin Family may hold a greater interest (including their share of distributions in respect of the override interests) in other subject LLCs or private entities than in your subject LLC, including, in the case of 250 West 57th St. Associates L.L.C., the private entity which is the operating lessee of the property it owns. Accordingly, they would be benefited to the extent that a greater portion of the exchange value is allocated to other subject LLCs or private entities than to your subject LLC;

Table of Contents

After the consolidation, the company intends to enter into management and/or services agreements with the entities that own interests in or manage the excluded properties and with the managers of certain of the excluded businesses (other than with respect to the registered broker dealer), which entities are owned in part by Anthony E. Malkin. There may be conflicts of interest in the allocation of his time between the company and his other interests;

The operating partnership has entered into option agreements with three private entities controlled by the supervisor;

The company intends to enter into management agreements with the entities that own long-term leasehold, sub-leasehold and/or sub-subleasehold interests in the option properties, which entities are owned in part by Anthony E. Malkin, together with members of the Malkin Family and supervised by the supervisor, as well as management and/or services agreements with the entities that own interests in or manage the excluded properties and with the managers of certain of the excluded businesses (other than with respect to the registered broker dealer);

Affiliates of the supervisor also will retain interests in the option properties, certain other properties to which the company will provide management services and certain excluded businesses. Affiliates of the supervisor are subject to conflicts of interest in connection with the terms of these arrangements; and

The supervisor and its affiliates may have a conflict of interest in deciding whether to approve a third-party portfolio transaction and with respect to the terms of the third-party portfolio transaction due to the benefits that the Malkin Holdings group could receive in that transaction.

The Consolidation

Principal Components of the Consolidation

The consolidation will consist of the following principal components:

The subject LLCs that approve the consolidation will contribute their assets to the operating partnership or subsidiaries of the operating partnership. As a result, the company will own an interest in each subject LLC s property indirectly through its ownership of the operating partnership, and the operating partnership or its subsidiaries generally will assume each subject LLC s liabilities. Each participant in the subject LLCs will receive operating partnership units, unless he or she elects to receive shares of Class A common stock or, to a limited extent, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Each share of Class B common stock has 50 votes on all matters on which stockholders are entitled to vote and the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. The company will issue operating partnership units, Class A common stock or Class B common stock, as applicable to the subject LLCs which, in turn, will distribute them in accordance with participants elections.

The subject LLCs will distribute promptly following the closing any excess cash held by them at the time of the closing of the consolidation. The cash to be distributed by a subject LLC will be (i) any cash held by such entity at the closing in excess of the normalized level of net working capital for such entity, as determined by the supervisor, (ii) the consolidation expenses reimbursed by the operating partnership to the subject LLC at the closing of the consolidation out of proceeds of the IPO and (iii) overage rent that will have accrued through the date of the closing of the consolidation.

Table of Contents

The following table shows, for each of the subject LLCs, the amount of cash at September 30, 2012 which would have been available for distribution by the subject LLCs (in addition to any amounts that would have been distributable out of accrued overage rent) had the closing occurred on such date; the amount of reimbursement for costs incurred in connection with the consolidation and the IPO out of the proceeds of the IPO entitled to be received by the subject LLCs as of September 30, 2012; total distributions by each subject LLC and to each participant per $10,000 original investment out of such excess cash (including such reimbursements); the payment under the voluntary pro rata reimbursement program per $10,000 original investment; the amount of cash distributions that would be received by participants who consent to the voluntary pro rata reimbursement program per $10,000 original investment and the additional proceeds to be received by participants from the class action settlement per $10,000 original investment.

	Available Cash	Reimbursement of Costs in Connection with the Consolidation and IPO	Total Distribution to Participants	Total Distribution to Participants per $10,000 Original Investment(1)	Payment under Voluntary Pro Rata Reimbursement Program per $10,000 Original Investment	Distribution to Participants Who Consent to the Voluntary Pro Rata Reimbursement Program per $10,000 Original Investment	Additional Proceeds to be Received by Participants from the Class Action Settlement per $10,000 Original Investment(2)
Empire State Building Associates L.L.C.	$ 3,350,000	$ 15,500,000	$ 18,850,000	$ 5,012	$ 1,029	$ 3,983	$ 9,840(3)
60 East 42nd St. Associates L.L.C.	$ 150,000	$ 3,600,000	$ 3,750,000	$ 5,357	$ 2,410	$ 2,947	$ 6,530
250 West 57th St. Associates L.L.C.	$ 380,000	$ 1,800,000	$ 2,180,000	$ 6,055	$ 2,080	$ 3,975	$ 6,370(4)

(1) The actual amount of distributions will be based on cash available at closing of the consolidation and no assurance can be given that these cash amounts will be available for distribution.

(2) The allocation of settlement proceeds from the class action settlement is in addition to the distributions shown elsewhere in this table. The allocation of net settlement proceeds (that is, net of any court-awarded attorneys fees and expenses) shown in the table is based on the current plan of allocation proposed by counsel for the class plaintiffs. The settlement and the allocation of settlement proceeds are approximate and subject to court approval, and the proposed allocation is subject to revision by counsel for the class. They are not effective until such court approval is final, including the resolution of any appeal.

(3) $8,350 per $10,000 original investment for participants not subject to voluntary capital override.

(4) $4,700 per $10,000 original investment for participants not subject to voluntary capital override.

These distributions will be liquidating distributions and the business of each of the subject LLCs will be liquidated and wound up promptly following the closing.

It is expected that any distributions of excess cash held by the subject LLCs and any distributions of overage rent accrued through the date of the closing of the consolidation should be treated as distributions of cash from your subject LLC prior to the liquidation of your subject LLC. Accordingly, you should not generally be taxable for U.S. federal income tax purposes on any such distribution to the extent such distribution does not exceed your basis in your participation interest in the subject LLC immediately prior to the liquidation of the subject LLC, and your basis in your participation interest in your subject LLC should be reduced (but not below zero) by the amount of such distribution. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Termination of the Subject LLCs and Distribution of Cash from the Subject LLCs.

If you receive solely shares of Class A common stock in the consolidation, any distribution to you of consolidation expenses that the operating partnership pays to your subject LLC should generally increase your amount realized in the consolidation, and accordingly should increase the amount of gain or decrease the amount of loss you recognize in the consolidation. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Receipt of Class A Common Stock Solely Class A Common Stock.

Table of Contents

If you receive solely operating partnership units or a combination of operating partnership units and shares of common stock in the consolidation, it is expected that your share of any payment the operating partnership makes to your subject LLC as a reimbursement of consolidation expenses should be treated as a reimbursement of capital expenditures to which the disguised sale rules should not apply to the extent that such payment does not exceed certain qualified capital expenditures incurred by your subject LLC, and the distribution to you of any such amounts should be treated as additional consideration in the consolidation. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Receipt of Operating Partnership Units Potential Application of the Disguised Sale Rules.

Each subject LLC will enter into a contribution agreement conditioned on (i) the requisite consent of the participants in the subject LLC; (ii) the closing of the IPO and the listing of the operating partnership units and Class A common stock on the NYSE or another national securities exchange; (iii) the closing of the consolidation no later than December 31, 2014; (iv) the participation by Empire State Building Associates L.L.C. and Empire State Building Company L.L.C., the private entity that is the operating lessee of the Empire State Building, in the consolidation; and (v) other customary conditions;

Based on the hypothetical exchange value of $10 per share which the supervisor has arbitrarily assigned for illustrative purposes, the company will issue to participants and holders of override interests in the private entities 129,080,462 operating partnership units having an exchange value of $1,290,804,624; 6,974,722 shares of Class A common stock having an exchange value of $69,747,222; and 1,007,830 shares of Class B common stock having an exchange value of $10,078,299 and the company will issue to equity holders in the management companies 866,222 operating partnership units having an exchange value of $8,662,220; 746,300 shares of Class A common stock having an exchange value of $7,463,000; and 17,678 shares of Class B common stock having an exchange value of $176,780, (not including, in each case, any additional shares of Class A common stock that may be issued to charitable organizations as described below). In addition, participants in the private entities who are non-accredited investors who would have been entitled to 8,530,581 shares of common stock on a fully diluted basis having an exchange value of $85,305,810, will receive cash at a price per share equal to the offering price in the IPO. Participants in the private entities who are charitable organizations, including the Helmsley estate, who would have been entitled in the aggregate to 105,032,439 shares of common stock on a fully diluted basis having an exchange value of $1,050,324,394 that have made a cash election will receive cash, subject to a cut back (at a price per share equal to the IPO price reduced by the underwriting discount per share paid by the company in the IPO) and will receive Class A common stock for the balance;

The Malkin Holdings group and the Helmsley estate will receive the largest amount of consideration in the consolidation, because they hold participation interests and, in the case of the Malkin Holdings group, overrides, issued to them or their predecessors during a period of more than 60 years in respect of their cumulative cash investments and their roles in the entity formation and property operations with respect to (a) all of the entities and properties in the case of the Malkin Holdings group including the activities of Lawrence A. Wien, Peter L. Malkin and Anthony E. Malkin for many decades and (b) a large number of them in the case of the Helmsley estate;

As part of the consolidation, each private entity will contribute its property interest and other assets, other than interests in certain properties excluded from the consolidation, to the operating partnership or its subsidiary, in exchange for operating partnership units or, at the option of the participants in the private entities, shares of common stock and/or cash. The private entities (including the operating lessees) with the required consent of their participants, have agreed to transfer their interests in the properties, including their interests in the operating lessees, as part of the consolidation. Each private entity has entered into a contribution agreement conditioned on (i) the closing of the IPO and the listing of the operating partnership units and Class A common stock on the NYSE or another national securities exchange; (ii) the closing of the consolidation no later than December 31, 2014; (iii) the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building; (iv) the delivery of a fairness opinion by the independent valuer to the private entities and (v) other customary conditions;

The company will acquire pursuant to a contribution agreement with the supervisor and the Wien group the participation interests held by the Wien group in the subject LLCs and override interests of the supervisor in the subject LLCs in exchange for operating partnership units. The override interests under which the supervisor will share in the proceeds from the consolidation are contractual rights, previously and separately documented. In the case of each of Empire State Building Associates L.L.C. and 250 West 57th St. Associates L.L.C., the overrides were agreed to by participants on an individual, voluntary basis and provide the supervisor with 10% of the distribution of capital proceeds otherwise payable to participants that have agreed to the voluntary capital override program after they have received a return of their original investment (or two times their original investment, in the case of 250 West 57th St. Associates L.L.C.). In the case of 60 East 42nd St. Associates L.L.C., the override is payable pursuant to its organizational documents and provides that supervisor is entitled to 10% of the distributions (without specifying the source of distributions) after the members have received distributions equal to a return at the rate of 14% on their cash investment in the year in which the distribution is made. Each of the overrides was valued based on the amount distributable to the supervisor under the terms of the override. The overrides were granted by the participants in either the subject LLCs organizational documents or in the subsequent, separate voluntary agreements entered into individually, to permit the supervisor to share in benefits resulting from improvements in the property s operating results and value, and the supervisor did not pay any consideration for the overrides. The participation interests in each of the subject LLCs held by the Malkin Holdings group were acquired from Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., respectively, for the same consideration paid by other participants or were purchased from participants at a purchase price equal to or in excess of the original purchase price;

Each share of Class A common stock entitles the holder to one vote. Operating partnership units have economic rights similar to the Class A common stock but do not have the right to vote on matters presented to holders of Class A common stock and Class B common stock. The participants in the subject LLCs have an option to elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. Accredited investors in the private entities and the management companies had the same option at the time they made their election of consideration in the private solicitation. The Class B common stock provides its holder with a voting right that is no greater than if such holder had received solely Class A common stock in the consolidation. Each outstanding share of Class B common stock entitles the holder to 50 votes on all matters on which the stockholders of Class A common stock are entitled to vote, including the election of directors, and holders of shares of Class A common stock and Class B common stock will vote together as a single class. Each share of Class B common stock has the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock. One share of Class B common stock may be converted into one share of Class A common stock at any time, and one share of Class B common stock is subject to automatic conversion into one share of Class A common stock upon a direct or indirect transfer of such share of Class B common stock or certain transfers of the operating partnership units held by the holder of Class B common stock (or a permitted transferee) to a person other than a permitted transferee;

The company will acquire through merger the supervisor and the other management companies, which are owned by the same persons as own the supervisor. Holders of interests in the management companies will receive shares of common stock or operating partnership units in exchange for the interests in such entities;

Charitable organizations, including the Helmsley estate, were granted a cash option in connection with their interests in the private entities. These charitable organizations had the option to receive cash at a price per share equal to the IPO price per share (reduced by the underwriting discount per share paid by the company in the IPO) to the extent of cash available from the IPO for this purpose after providing cash to redeem non-accredited investors in the private entities and other uses of proceeds. To the extent that there is not sufficient available cash to pay in full the cash payable to electing charitable organizations, there will be a pro rata reduction in the cash received by each electing charitable organization and the balance will be in the form of Class A common stock;

Pursuant to the cash option referred to in the preceding paragraph, the Helmsley estate and other charitable organizations have exercised the cash option as to all of the operating partnership units issuable to them by the private entities in the consolidation (which based on the exchange values represents 24.53% for the Helmsley estate and 0.58% for the other charitable organizations, respectively, of the common stock on a fully-diluted basis or $1.050 billion of the exchange value in the aggregate) and will receive Class A common stock, Class B common stock and/or operating partnership units to the extent that the cash available for this purpose is insufficient to pay all of the consideration in cash. The Helmsley estate will also receive an amount equal to any New York City transfer tax savings resulting from its status as a charitable organization. In addition, the company and the Helmsley estate have also agreed that if the IPO is upsized after the effective time of the registration statement filed in connection with the IPO or if the underwriters in the IPO exercise their option to purchase additional shares of Class A common stock, all additional net proceeds from the sale of Class A common stock issued by the company in such upsize or option will be allocated solely to the Helmsley estate for purposes of the consolidation at the same value as the cash option described above;

The company has provided the Helmsley estate with the cash option described above. Following the consummation of the consolidation and the IPO, the Helmsley estate is anticipated to continue to own a sizeable position in the company. Therefore, in light of the Helmsley estate s desire, and requirement, to sell all or a significant portion of its post-IPO position, which could adversely affect the market price of the company s Class A common stock following the IPO, the supervisor structured elements of the consolidation and the IPO, including this cash option, to minimize the Helmsley estate s post-IPO position. The company also has provided that the net proceeds from any potential upsizing of the IPO or any exercise of the underwriters option to purchase additional shares of the company s Class A common stock would also be applied to the Helmsley estate s cash election to further reduce the Helmsley estate s position in the company. Such reduction of the Helmsley estate s overhang would be viewed favorably by the market and would provide for a better trading market in the company s Class A common stock following the IPO for the benefit of all stockholders. The company has also provided registration rights to the Helmsley estate to provide for an efficient and transparent process for the Helmsley estate to sell all or a portion of its remaining interest in the company following the IPO. The Helmsley estate may receive cash only to the extent of cash available from the IPO after providing cash to redeem non-accredited investors in the private entities and other uses of proceeds, and therefore does not reduce cash required for the company.

The company has entered into a representation, warranty and indemnity agreement with Anthony E. Malkin and his siblings, Scott D. Malkin and Cynthia M. Blumenthal, pursuant to which they have made limited representations and warranties to the company and the operating partnership regarding the entities, properties and assets to be contributed to the company and agreed to indemnify the company and the operating partnership for 12 months following the closing of the consolidation for breaches of such representations subject to a $1 million deduction and threshold of up to a maximum of $25 million. Other than these individuals, none of the Malkin Family, or other participants in the subject LLCs, private entities or management companies, will provide the company with any indemnification;

The operating partnership intends to enter into a tax protection agreement with Anthony E. Malkin and Peter L. Malkin pursuant to which the company will agree to indemnify the Wien group and an additional third party investor in Metro Center (who was one of the original landowners and was involved in the development of the property) against certain tax liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value) to be acquired by the operating partnership in the consolidation, for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both of Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by these properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership s failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such investor owns less than the aggregate number of operating partnership units and shares of common stock equal to 50% of the aggregate number of such units and shares such investor received in the consolidation. The operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after the IPO, the amount of the operating partnership s indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2012, and exchange values, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $97.7 million (which will be $119.6 million beginning after December 31, 2012 if certain sunset provisions under the Internal Revenue Code are not altered or reversed).

The company does not presently intend to sell or take any other action which would result in a tax protection payment with respect to the properties covered by the tax protection agreement. The tax protection agreement will not apply to a third-party portfolio transaction;

The company expects to obtain an $800.0 million secured revolving and term credit facility upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates. The company has obtained a commitment for $400.0 million of availability under the secured revolving and term credit facility, subject to satisfaction of certain customary conditions precedent, from the representatives of the underwriters or their respective affiliates who have also agreed to use commercially reasonable efforts to syndicate the remainder of the facility. The company expects to use this secured revolving and term credit facility to, among other things, fund capital expenditures and tenant improvements and leasing commissions, potential acquisitions, general corporate matters and working capital. Additionally, the secured revolving and term credit facility will be used to repay and retire the existing $500.0 million term loan currently secured by the Empire State Building, which had a balance of $219.0 million as of September 30, 2012. The company expects that the secured revolving and term credit facility will include an accordion feature that would allow the company to increase availability thereunder to $1.25 billion, under specified circumstances. See Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust Consolidated Indebtedness to be Outstanding After the IPO Description of Certain Debt Secured Revolving and Term Credit Facility. There is no assurance that the company will be able to enter into a definitive agreement relating to this facility on acceptable terms, or at all;

The company intends to enter into management and/or services agreements with the entities that own interests in or manage the excluded properties and with the managers of certain of the excluded businesses (other than with respect to the registered broker dealer). See Related Party Transactions Excluded Properties and Businesses;

The operating partnership has executed option agreements with three private entities supervised by the supervisor, one of which is the ground lessee of the property located at 112-120 West 34th Street and fee owner of the property located at 122 West 34th Street, one of which is the operating lessee of 112-122 West 34th Street and one of which is the ground lessee of 1400 Broadway, pursuant to which each of these private entities has granted to the operating partnership an option to acquire fee, long-term leasehold, sub-leasehold and/or sub-subleasehold interests in the option properties, as applicable. Concurrent with the closing of the consolidation, the company intends to enter into management agreements with respect to each of the option properties. Each of the Malkin Holdings group and the Helmsley estate owns interests in such private entities. Based on the exchange values the option properties would have had, calculated in accordance with the methodology used to derive the exchange values for the subject LLCs and the private entities, the Malkin Holdings group would receive consideration having an aggregate value of $77,600,811 in respect of its participation interests and overrides in the entities which own the option properties, and the Helmsley estate would receive consideration having an aggregate value of $160,160,461 in respect of its participation interests in such entities;

As a result of the consolidation, the company will assume approximately $1.11 billion of total debt (based on September 30, 2012 pro forma outstanding balances), and the company expects to have approximately $304.1 million of additional borrowing capacity under its loans on a pro forma basis (excluding amounts under the $800.0 million secured revolving and term credit facility which the company expects to obtain upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates);

The company will sell shares of Class A common stock in the IPO and will contribute the net proceeds from the IPO to the operating partnership in exchange for operating partnership units and

Upon completion of the IPO, the company expects to grant LTIP units and/or restricted shares of Class A common stock to its independent directors, executive officers (other than Anthony E. Malkin) and certain other employees, including certain executives of the supervisor.

The supervisor and its principals and certain of the private entities own interests in other properties, including the option properties, assets and businesses that will not be contributed to the company. The supervisor provides supervisory or advisory services with respect to certain of these properties. The company intends to enter into management and/or services agreements with the entities that own interests in or manage these excluded properties and with the managers of certain excluded businesses after consummation of the consolidation.

The company and the supervisor have required that the consolidation be completed no later than December 31, 2014.

Table of Contents

The following charts show the organization of each subject LLC prior to the consolidation:

Empire State Building Associates L.L.C.

(1) Represents a voluntary capital override agreed to by approximately 94% of the participants and documented individually with each participant who granted the override, which provides the supervisor with 10% of the distribution of capital proceeds otherwise payable to participants that have agreed to the voluntary capital override program after they have received a return of their original investment. The supervisor will receive distributions on the voluntary capital overrides with respect to the consideration from the consolidation, because such consideration constitutes capital proceeds. Assuming that the enterprise value determined in connection with the IPO were the same as the aggregate exchange value, such overrides would comprise approximately 9.14% of the economic value of Empire State Building Associates L.L.C. These voluntary capital overrides were solicited pursuant to consent solicitation statements dated September 13, 1991, September 14, 2001 and June 9, 2008.

(2) This override, which is not a voluntary override, is payable pursuant to the original offering documents for Empire State Building Associates L.L.C. and provides the supervisor the right to receive additional payments equal to 6% of any distributions of overage rent received under the operating lease, 6% of 50% of the amount of the reduction in mortgage charges due to the repayment of the purchase money mortgage placed at the time of the original acquisition by Empire State Building Associates L.L.C. of its interest in the Empire State Building and 6% of 50% of certain scheduled reductions in ground rent payable by Empire State Building Associates L.L.C. under the operating lease.

Table of Contents

60 East 42nd St. Associates L.L.C.

(1) The override, which is not a voluntary override, represents a contractual obligation of the subject LLC payable pursuant to a consent of participants in 1968 and provides that supervisor is entitled to receive 10% of all additional amounts paid out (without specifying the source of distributions) after the members have received distributions equal to a return at the rate of 14% on their cash investment in the year in which the distribution is made. The supervisor will receive distributions on the override with respect to the consideration from the consolidation, because such consideration constitutes capital proceeds. Assuming that the enterprise value determined in connection with the IPO were the same as the aggregate exchange value, such override would comprise approximately 9.97% of the economic value of 60 East 42nd St. Associates L.L.C.

66

Table of Contents

250 West 57th St. Associates L.L.C.

(1) Represents a voluntary capital override agreed to by approximately 78% of the participants and documented individually with each participant who granted the override, which provides the supervisor with 10% of the distribution of capital proceeds otherwise payable to participants that have agreed to the voluntary capital override program after they have received a return of twice the amount of their original investment. The supervisor will receive distributions on the voluntary capital overrides with respect to the consideration from the consolidation, because such consideration constitutes capital proceeds. Assuming that the enterprise value determined in connection with the IPO were the same as the aggregate exchange value, such overrides would comprise approximately 7.49% of the economic value of 250 West 57th St. Associates L.L.C. These voluntary capital overrides were solicited pursuant to consent solicitation statements dated March 10, 2004 and May 17, 2006. All of these override interests are owned by the Malkin Holdings group.

(2) The override, which is not a voluntary override, is payable pursuant to a consent of participants in 1968, represents the right to receive 10% of all cash distributions (other than from mortgage, sale or condemnation proceeds) in excess of 15% on the remaining cash investment in any one year.

Table of Contents

The following chart shows the percentage ownership of the common stock on a fully diluted basis in the company (assuming exchange of all operating partnership units for Class A common stock, conversion of all Class B common stock into Class A common stock, and that no cash is paid to any participants in the private entities) after closing of the consolidation but prior to the closing of the IPO, allocable to each of the entities shown in the table (including the Helmsley estate, which has made a cash election as described under Related Party Transactions Transactions Relating to the Consolidation), and assuming the consolidation is approved by all three subject LLCs:

(1) 15.43% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 0.08% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(2) 6.68% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 63.75% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(3) 17.19% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 0.39% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(4) 16.75% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 27.00% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(5) 14.19% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 0.28% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(6) 33.22% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Malkin Holdings group and 31.50% of the shares of common stock on a fully diluted basis issuable to the entity is allocable to the Helmsley estate.
(7) 30.94% of the shares of common stock on a fully diluted basis issuable to the other private entities is allocable to the Malkin Holdings group and 17.57% of the shares of common stock on a fully diluted basis issuable to the other private entities is allocable to the Helmsley estate.
(8) All of the shares of common stock on a fully diluted basis issuable to the entity are allocated to the Malkin Holdings group.
(9) 17.47% of the shares of common stock on a fully diluted basis is allocable to the Malkin Holdings group and 24.59% of the shares of common stock on a fully diluted basis is allocable to the Helmsley estate.

Table of Contents

The following charts show, for each of the properties owned by the subject LLCs, the relative exchange value of the applicable property attributable to the subject LLC, the operating lessee, and, for each of the subject LLCs and operating lessees, the participants interests and override interests associated with the subject LLCs and operating lessees override interests, except as otherwise noted, are held by the Malkin Holdings group:

(1) Voluntary capital transaction override.
(2) $53,218,257 of the overrides are paid to persons other than the Malkin Holdings group. Of the additional overrides not owned by the Malkin Holdings group, $42,851,487 are owned primarily by members of the Wien group (who are not members of the Malkin Family). Such overrides were created under agreements with participants who acquired their interests from Lawrence A. Wien, and they were transferred to members of the Wien group as descendants of Lawrence A. Wien. In addition, a portion of the overrides held by persons other than the Malkin Holdings group are held by other persons not members of the Wien group who sold their participation interests, but retained an override interest.

69

Table of Contents

70

Table of Contents

(1) Voluntary capital transaction override.

(2) $13,826,125 of the overrides are paid to persons other than the Malkin Holdings group. The additional overrides not owned by the Malkin Holdings group are owned by members of the Wien group (who are not members of the Malkin Family). The override interests were created under the agreements in which participants received their interests from Lawrence A. Wien and were transferred to members of the Wien group as descendants of Lawrence A. Wien.

Table of Contents

The following chart shows the organization of the company after the consolidation and the IPO, assuming the consolidation is approved by all three subject LLCs, that each participant in the subject LLCs elects to receive Class A common stock, Class B common stock and operating partnership units in the same proportion as participants (other than the Malkin Family and the Helmsley estate) in the private entities, that 100 million shares of Class A common stock are issued in the IPO at a purchase price of $10 per share, that net proceeds from the IPO are used as set forth in the pro forma financial statements (unaudited) of the company and that cash is paid to participants in the private entities that are non-accredited investors or charitable organizations (including the Helmsley estate) that elected cash. The operating partnership units and common stock issuable to the Helmsley estate assumes the Helmsley estate receives cash in lieu of 69,360,195 shares of common stock on exercise of its cash election and does not give effect to any additional cash that the Helmsley estate may receive as a result of any exercise of the underwriters option to purchase additional shares of the company s Class A common stock in the IPO.

The Class A common stock, Class B common stock and operating partnership units represent 30.0%, 0.5% and 69.5%, respectively, of the common stock, on a fully diluted basis.

Table of Contents

What You Will Receive if Your Subject LLC is Included in the Consolidation

If the consolidation is approved by the participants in your subject LLC and is consummated, you will receive operating partnership units and/or shares of common stock as consideration for your participation interest, as described below.

Allocation of Consideration. Based upon the Appraisal that the independent valuer prepared, the number of operating partnership units and/or common stock you will receive was allocated as follows:

The exchange values were first determined for each subject LLC, each private entity and the management companies as follows:

The appraised values of the interests in the properties owned by the subject LLCs, the private entities and the management companies were determined by the independent valuer,

The appraised values were adjusted by the independent valuer as described more fully in Reports, Opinions and Appraisals to determine the exchange values and

The supervisor reviewed and approved the exchange values.

To allocate the operating partnership units and common stock, the supervisor arbitrarily assigned a hypothetical $10 per share exchange value for illustrative purposes and arbitrarily assumed that the enterprise value of the company is equal to the aggregate exchange value of all of the contributed assets. The independent valuer allocated to each subject LLC a number of operating partnership units and shares common stock equal to the exchange value of its assets divided by $10. See the section entitled Summary Allocation of Consideration in the Consolidation.

In accordance with each subject LLC s organizational documents, all of the operating partnership units and shares of common stock were allocated to the participants holding participation interests in the subject LLC, after taking into account the allocations in respect of the supervisor s override interest.

The allocation of operating partnership units and common stock to the participants in this prospectus/consent solicitation is based on the hypothetical $10 per share exchange value arbitrarily assigned by the supervisor to illustrate the number of shares of common stock that a participant would receive if the enterprise value of the company determined in connection with the IPO were the same as the aggregate exchange value and the IPO price were $10 per share of Class A common stock. The actual number of shares of common stock, on a fully-diluted basis, issued in the consolidation will equal the enterprise value (which will be allocated to each of the subject LLCs, the private entities and the management companies in proportion to their relative share of the aggregate exchange value) divided by the IPO price. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO

Table of Contents

pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company s trading price following the IPO will be based on, among other things, the company s historical and future performance, its performance relative to its peers, market conditions generally and its continued seasoning in the public markets. The company currently intends to pay regular quarterly dividends based on the performance of the company and its portfolio of properties, rather than just one property, and those distributions are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain its qualification as a REIT. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price.

Allocation of Operating Partnership Units and/or Common Stock. You will receive operating partnership units, unless you elect to receive, in exchange for your participation interests, Class A common stock, or, to a limited extent, as described below, Class B common stock. The operating partnership units will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group) and in a separate series to the participants in the private entities receiving operating partnership units and the Wien group. Each series of operating partnership units will have identical rights as to distributions, liquidation and other rights as a limited partner in the operating partnership.

Class A Common Stock. If you elect to receive Class A common stock in lieu of operating partnership units issuable to you, you will receive one share of Class A common stock for each operating partnership unit you would have otherwise been entitled to receive.

Class B Common Stock. Participants may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. The Class B common stock provides its holder with a voting right that is no greater than if such holder had received solely Class A common stock in the consolidation. Each outstanding share of Class B common stock entitles the holder to 50 votes on all matters on which the stockholders of Class A common stock are entitled to vote, including the election of directors, and holders of shares of Class A common stock and Class B common stock will vote together as a single class. Each share of Class B common stock has the same economic interest as a share of Class A common stock, and one share of Class B common stock and 49 operating partnership units together represent a similar economic value as 50 shares of Class A common stock.

Lock-up Agreements. Pursuant to lock-up agreements, each participant in the subject LLCs and private entities may not sell or otherwise transfer or encumber shares of common stock or operating partnership units (i) with respect to 50% of the operating partnership units and shares of common stock owned by them at completion of the IPO, for a period of 180 days after the IPO pricing date and (ii) with respect to any remaining operating partnership units and shares of common stock, for a period of one year after the IPO pricing date, in each case without first obtaining the written consent of the representatives of the underwriters in the IPO. This includes Class A common stock issuable in exchange for the operating partnership units, which are only issuable in exchange for operating partnership units beginning 12 months after the completion of the IPO, and Class B common stock. In addition, each participant in Empire State Building Associates L.L.C. that receives operating partnership units may, immediately following the consolidation and the IPO, sell such participant s pro rata portion of the greater of 1,100,000 operating partnership units and $40.0 million in value of operating partnership units (based on the IPO price of the Class A common stock), and each participant in 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to the same percentage as the percentage of each participant s operating partnership units that can be sold by participants in Empire State Building Associates L.L.C. immediately following the consolidation and the IPO. Therefore, each participant in the subject LLCs that

74

receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing.

However, the Malkin Family and the company s directors and senior management team members may not sell any of the shares of common stock or securities convertible or exchangeable into Class A common stock (including operating partnership units) held by any of them until one year after the IPO pricing date. In addition, the company has agreed with the representatives of the underwriters, subject to certain exceptions, not to sell or otherwise transfer or encumber any such shares or securities (including operating partnership units) at the completion of the IPO for a period of 180 days after the IPO pricing date without the prior written consent of the representatives of such underwriters.

Why the Supervisor Believes the Consolidation is Fair to You

The supervisor believes that the terms of the consolidation are fair and that the consolidation will allow you to achieve liquidity and maximize the value of your investment in your subject LLC for the following principal reasons, as well as allowing the company to achieve costs savings, faster decision-making and greater and more efficient access to capital, all of which should increase the value of your investment:

The exchange values of each of the subject LLCs, the private entities and the management companies are based on the Appraisal by Duff & Phelps, LLC, the independent valuer. The independent valuer determined the exchange value, which was reviewed and approved by the supervisor. The supervisor believes that the allocations in accordance with the Appraisal by the independent valuer were in the best interests of the participants;

The supervisor believes that the expected benefits of the consolidation to you outweigh the risks and potential detriments of the consolidation to you. Some of those benefits are described above. The risks and potential detriments are discussed in Risk Factors;

The supervisor considered alternatives to the consolidation including the continuation of the subject LLCs without change and the liquidation of the subject LLCs and the distributions of the net proceeds to you (as described below). The supervisor does not believe that the subject LLCs could realize their allocable share of the value of the properties through a sale of the interests in the properties held by them. The supervisor believes that, over time, the likely value of the interest you will receive in the consolidation will be higher than the value of the consideration you would receive from any of the other alternatives as a result of increased efficiencies, growth opportunities, more efficient access to financing and other opportunities for value enhancement;

The supervisor considered that each participant will be given the option to elect to receive operating partnership units, Class A common stock, or, to a limited extent, as described above, Class B common stock. Each participant may elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation. The operating partnership units would be issued in a transaction expected to be tax-deferred for U.S. federal income tax purposes. These options allow participants to receive the same form of consideration as the participants in the private entities and the Malkin Family;

The supervisor believes that the consolidation is fair to all participants in each subject LLC and as a whole, regardless of which particular combination of entities participates in the consolidation. Even if less than all of the subject LLCs participate in the consolidation, the supervisor believes that the participants in the subject LLCs that do participate will realize the benefits described under Benefits of Participation in the

Table of Contents

Consolidation. There are no material differences among the subject LLCs (such as with respect to types of assets owned or investment objectives) that affect the reasons why the supervisor believes that the consolidation is fair to you. While the supervisor believes that it would be more beneficial to participants if all of the subject LLCs participate in the consolidation, the supervisor believes that, through a combination of the properties of the private entities, for which necessary approvals have been obtained, and the property interests of Empire State Building Associates L.L.C. and Empire State Building Company L.L.C., the company will be of sufficient size and have sufficient assets to allow participants to realize the benefits described under Summary Benefits of Participation in the Consolidation even if one or both of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. do not participate in the consolidation;

While the subject LLCs exchange values have been determined based on the Appraisal by the independent valuer, which has also delivered a fairness opinion as described above, no independent representative was retained to negotiate on behalf of the participants. There are 23 subject LLCs and private entities and groups with different interests in many of these entities. The supervisor does not believe that a single independent representative could have represented the interests of all participants and believes that to locate and retain an independent and equally competent and qualified representative for each separate interest in the consolidation is not possible. The supervisor represents the interests of all participants in the subject LLCs and private entities. The supervisor has served the same role in the past for sales of other properties with different groups of participants, which included the sale of three office properties in New York City in the past fifteen years, 200 Fifth Avenue (known as the International Toy Center), 498 Seventh Avenue and 500-512 Seventh Avenue, and believes it is not required to retain any independent representative on behalf of each group of participants or all of the participants as a whole. The supervisor believes the Appraisal prepared by the independent valuer serves the purposes of representing all parties fairly and that the consolidation is fair to all participants regardless of the absence of any such independent representative;

While the supervisor has had from inception conflicts of interest which are described under Conflicts of Interest, the supervisor does not believe that these conflicts of interests affected its fairness determination;

In considering fairness, the supervisor considered the following:

The tax protection agreement, which the supervisor believes is consistent with market practice for transactions of this type and generally would require payment only if the company took or failed to take certain actions, which it does not currently intend to take or fail to take, as the case may be, with respect to the protected properties;

The option agreements, which the supervisor believes benefit the company by providing it with the right to acquire attractive properties complementary to the company s portfolio on terms which the company believes are reasonable and with respect to which, any determination to be made by the company will be made by the company s independent directors; and

The agreements to indemnify the principals of the supervisor for certain liabilities relating to the subject LLCs and the private entities; the supervisor believes it is reasonable for a REIT which is being formed to assume indemnification obligations relating to the operations of entities whose assets are being acquired. Under the organizational documents of the subject LLCs and private entities and applicable law, the principals of the supervisor are already generally entitled to indemnification from the participants in the subject LLCs and the private entities for liabilities incurred by them in good faith and not arising out of their own willful misconduct or gross negligence.

The supervisor also took into account the terms of the compensation payable to persons in the Malkin Holdings group by the company after the closing of the consolidation as set forth under Management Executive Compensation, which, the supervisor believes, are on terms customary for similar publicly-traded REITs and are based on recommendations of a compensation consultant and

Table of Contents

The supervisor has adopted and concurs with the conclusions of the fairness opinion from and the Appraisal by the independent valuer, which are described below.

Appraisal

The independent valuer has delivered to the supervisor a copy of its report, based upon the review, analysis, scope, assumptions, qualifications and limitations described therein, as to the estimated fair market value of the properties owned by the subject LLCs and the private entities as of June 30, 2012 (the Appraisal). The Appraisal, which contains a description of the assumptions and qualifications made, matters considered and limitations on the review and analysis, is attached to this prospectus/consent solicitation as Appendix B and should be read in its entirety.

The independent valuer has appraised the properties utilizing solely the income approach to valuation. The income approach is based on the assumption that the value of a property or portfolio of properties can be represented by the present value of future cash flows. These cash flows are compiled into a value through either direct capitalization or discounted cash flow analysis, or a combination of the two. The indicated value by the income approach represents the estimated amount an investor would pay for the expected future stream of net cash flow generated by a property or a portfolio of properties (calculated as gross income less operating expenses, capital expenditures, and leasing costs) generated by a property or a portfolio of properties. As used herein, market value is defined by the Appraisal of Real Estate, Thirteenth Edition, as follows: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably and for self-interest, and assuming that neither is under undue duress.

The income approach was relied upon in determining the market value of the properties owned by the subject LLCs and private entities (with the exception of the Stamford, CT land which utilized the sales comparison approach). The independent valuer believes that the income approach is the approach utilized by typical investors and other market participants in the local market of the properties owned by the subject LLCs and private entities, and was therefore determined to be the most reliable indicator of market value.

In performing the Appraisal, the independent valuer conducted investigations and inquiries as it deemed appropriate in establishing its estimates of value and made assumptions and identified qualifications and limitations that it considered necessary in its findings. The independent valuer s opinion of the estimated value of the properties owned by each of the entities is as of June 30, 2012. They do not necessarily reflect the sales prices of the properties or portfolio that would be realized in actual sales of the properties or portfolio. These prices could be higher or lower than the appraised value of the properties or portfolio.

For further information, please see Reports, Opinions and Appraisals Appraisal.

Fairness Opinion

The independent valuer has delivered to the supervisor and each of the subject LLCs and the private entities its opinion, dated December 21, 2012, to the effect that, as of that date and subject to the assumptions, limitations and qualifications contained therein, the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash consideration) (i) among each subject LLC, each private entity and the management companies was fair from a financial point of view to each such subject LLC, each such private entity and the participants in each such subject LLC and each such private entity, and (ii) to the participants in each subject LLC and each private entity was fair from a financial point of view to the participants in each such subject LLC and each such private entity (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private

Table of Contents

entities). In this regard, the fairness opinion addressed the fairness of the consolidation assuming that each subject LLC and each private entity would participate in the proposed consolidation and did not address the fairness of all possible combinations in the proposed consolidation. The supervisor believes that, for reasons stated under Recommendation and Fairness Determination Material Factors Underlying Belief as to Fairness, such opinion addressing the fairness of all possible combinations in the proposed consolidation is not necessary because the supervisor believes that the consolidation is fair, regardless of which particular combination of entities participates in the consolidation among any such combination.

Since each subject LLC will receive capital transaction proceeds from its contribution of assets to the company and distribute such proceeds to all its interest holders including the participants and the supervisor, as holder of the override interests, the consideration allocable to the supervisor, as holder of the override interests, will be determined based on the amount to which it is entitled under such constituent documents in connection with a distribution by each subject LLC of capital transaction proceeds. Accordingly, the amounts of consideration to each participant will take into account the override interests held by the supervisor for each of the subject LLCs. The fairness opinion took those override interests into account in addressing the fairness of the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash consideration) to the participants in each subject LLC and each private entity.

The fairness opinion, dated December 21, 2012, is attached as Appendix A to this prospectus/consent solicitation. You should read the independent valuer s opinion in its entirety with respect to the assumptions made, matters considered and limits of the review undertaken by the independent valuer in rendering its opinion.

For further information, please see Reports, Opinions and Appraisals Fairness Opinion.

Alternatives to the Consolidation

In determining whether to propose and recommend the consolidation, the supervisor considered several alternatives. The following discussion summarizes the alternatives to the consolidation that each subject LLC could have pursued. Each of the alternatives that the supervisor considered, including the alternatives discussed below, is described in more detail under the section entitled The Consolidation Alternatives to the Consolidation.

The principal alternatives considered by the supervisor were:

- Liquidation through the sale by each subject LLC of its interest in its property, either individually or as part of a third-party portfolio transaction, followed by a distribution of the net proceeds to its participants or

- Continued management of each subject LLC as currently structured.

The supervisor also considered other alternatives:

- The possibility of converting each subject LLC into a separate REIT that would list its shares on a national securities exchange. The supervisor believes that a REIT with a relatively small capitalization that is advised by an outside advisor and owns an interest in the ground lessor of a single property with most of its cash flow dependent on overage rent under the operating lease would not be well-received by traditional open-market purchasers of REIT common stock.

- Listing of the participation interests of each subject LLC in its current form as a limited liability company on a national securities exchange. The supervisor believes there would be limited trading interest in the presently outstanding participation interests due to, among other things, (i) the fact that the subject LLCs have a relatively small capitalization, own an interest in a property which is operated by an operating lessee that has significant decision-making authority with respect to the property; and (ii) the two-tier subject LLC structure, including the relative lack of certain corporate governance attributes, such as the ability to elect directors.

Table of Contents

- Other means of producing liquidity for the participants, such as cash tender offers to acquire participation interests from participants or borrowing by the subject LLCs secured by their interests in properties to provide funds for distribution to participants. The supervisor believes that cash tender offers are costly and would not yield a good value for investors and that borrowing to fund added distributions is not a feasible alternative given that most of its cash flow is dependent on overage rent under the operating lease.

Advantages and Disadvantages of Liquidation Alternative. The supervisor believes that there would be advantages of a liquidation of your subject LLC, including:

- Liquidation provides you with liquidity from a sale of an interest in the property owned by your subject LLC. You would receive your share of the net proceeds obtained from a sale of the interest in the property of your subject LLC;

- The amount that you would receive would not depend on the stock market s valuation of the company, but rather your share of the consideration received from a sale of the interests in the property of your subject LLC and

- You would avoid the risks of continued ownership of your subject LLC or ownership of the company and/or the operating partnership.

The supervisor believes that there would be disadvantages to a liquidation of your subject LLC, including:

- The interest in the property owned by the subject LLC on its own may not create demand from investors, may not be as attractive for financing for investors to acquire the property and has a higher risk profile than the interest in the property as part of a portfolio;

- You would not participate in potential increases in value resulting from anticipated operating efficiencies, marketing efficiencies, capital market efficiencies and an improved governance structure;

- You would not participate in potential increases in value resulting from (a) enhanced performance of the existing portfolio due to leasing available and expiring space at higher rents following the recent renovations and repositioning of the initial properties operated as a branded portfolio and (b) potential additional investments;

- The supervisor does not believe that the subject LLCs could realize their allocable share of the value of the properties through a sale of the interests in the properties held by them. The operating lessees have agreed to transfer their interests in the properties as part of the consolidation, regardless of whether a subject LLC approves the consolidation, and, if the consolidation closes, it may not be possible for a subject LLC to realize its allocable share of the value of the entire property through a sale and

- You may not have the option to improve both your liquidity options and participate in a tax-deferred transaction, which you may do under the consolidation.

While the supervisor believes the consolidation will provide greater benefits to participants than a liquidation, the supervisor believes it is in the best interest of the participants to approve the third-party portfolio proposal, which will allow the supervisor to consider a third-party offer, if one is made, as an alternative to the consolidation.

Advantages and Disadvantages of Continuation Alternative. The supervisor believes there would be advantages to the continued operation of the subject LLCs, including:

The participants would continue to receive regular monthly distributions from Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C.;

The subject LLCs eventually may sell their interests in the properties and distribute the net proceeds, although the supervisor does not believe that such a sale would optimize the value of the participants participation interests;

Table of Contents

- Continuing the subject LLC without change avoids the risks related to the consolidation as described in this prospectus/consent solicitation and

- Each subject LLC would retain the individual benefits of ownership of its interest in its property.

The supervisor believes that there would be disadvantages to the continued operation of the subject LLCs, including:

- The interest in the property owned by the subject LLC on its own may not create demand from investors, may not be attractive for financing for investors to acquire the property and has a higher risk profile than the interest in the property as a portfolio.

- Your investment would continue to be illiquid because your participation interest is not freely transferable and there is no established public trading market or market valuation for your participation interest;

- There is a risk of reduction in distributions if the consolidation is not consummated. Distributions from your subject LLC come from payments made by the operating lessee. Your operating lessee is required to pay a low basic rent to your subject LLC. Any payment you receive above that comes from the profits from your operating lessee s performance and comes in the form of payment of overage rent out of profits from the operating lessee s operations of the property. The operating lessee makes all decisions relating to the operations of the property.

Decisions over which the operating lessee has control which directly impact whether or not there is overage rent from which you may receive additional distributions include whether or not to lease, whether or not to improve the property, whether to use the cash flow from the property or to seek financing for capital expenditures, and whether to use cash flow for property-related expenses. From the overage rent which is paid, the supervisor maintains reserves for expenses. The balance, if any, is paid out as a distribution from overage rent. In recent years, overage rent has been made possible from time to time through the operating lessee working with your subject LLC to gain consents for financing, the operating lessee agreeing to borrow, and the proceeds of borrowing being used to pay for expenses rather than relying exclusively on cash flow from the property.

In the past, when the operating lessee for your subject LLC has not used financing, overage rent has decreased or ceased. If the operating lessee for your subject LLC exercises its right to use cash flow to fund future capital improvements, tenant installation costs, commissions and other expenses rather than to use financing, your distributions from overage rent may again decrease or cease. If the operating lessee for your subject LLC has a deadlock in operating decision-making, it may make decisions or take actions which meaningfully reduce the prospects of your subject LLC s receipt of overage rent in the future. In the case of the Empire State Building, because of the pendency of this proposed consolidation, Empire State Building Company, L.L.C., the operating lessee, has consented to advances of up to the current outstanding principal amount under a property mortgage loan made to Empire State Building Associates L.L.C. and has subordinated the operating lease to such advances, as required by the lender, without having requested an extension of the term of the operating lease beyond any extension provided for in the operating lease.

At the two other properties involved in this consent solicitation, 250 West 57th Street and One Grand Central Place, their improvement and financing programs were linked to extensions of their operating leases. If the consolidation does not go forward, it is possible that the operating lessee of the Empire State Building may not approve additional advances under the loan agreement unless Empire State Building Associates L.L.C. approves lease extensions, in which case the operating lessee may use cash flow for expenditures to improve the building and conclude leases, resulting in immediate and sustained reductions or cessation of overage rent, or may either defer or not make such expenditures.

Decisions as to whether to use cash flow or financing are made by the operating lessees from time to time and no decision has been made by any of the operating lessees involved in this consent. Any decision by the operating lessees for 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C. would require the consent of members of the Malkin Holdings group and/or the Helmsley estate or their successor in interest. Any decision by the operating lessee of the Empire State Building would require the consent of the members of both the Malkin Holdings group and the Helmsley estate or their successor in interest.

The subject LLCs have limited roles in property operations;

The Helmsley estate is required under Leona Helmsley s will to sell its interest in the private entities that are the operating lessees of the subject LLCs. Because the consent of both the Malkin Holdings group and the Helmsley estate is required for action by Empire State Building Company L.L.C., the potential for deadlock exists, particularly after a sale of the Helmsley estate s interest. In addition, the Helmsley estate owns a 35% interest in the operating lessee of 250 West 57th St. Associates L.L.C. and 30% in the operating lessee of 60 East 42nd St. Associates L.L.C. Any purchaser of the Helmsley estate interests will be able to block any decision of the operating lessee of the Empire State Building and will have influence over decisions made by the operating lessees of 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C.;

There are inefficiencies which result from the current structure:

Presently, property management, leasing and financial reporting for each of the 23 ownership groups covering 18 different office and retail properties and one development site are provided by third party managers, third party leasing agents and outside accountants under the supervision of the supervisor. This is inefficient and that inefficiency causes distraction and requires time and effort. The supervisor believes that the consolidation will enable the company to centralize operations and leasing, which will be more efficient and enhance the competitive position of the properties. Combining the properties in a single entity with a modern corporate structure will also help the company attract qualified management and property leasing and management personnel (to the extent needed by the company) for management succession;

The current two-tier structure is archaic, complicates operations, financial reporting and financing of the subject LLCs and is inefficient and costly in general. The consolidation will create a modern governance structure in which participants will share in the ownership of a portfolio of properties by a single entity;

The subject LLCs have a cumbersome and costly approval process for certain actions, including financings;

Your subject LLC owns an interest in a single property and is not diversified and

The receipt of a Schedule K-1 for your subject LLC and each other subject LLC or private entity in which you own participation interests is a process which is complex and time consuming for both the supervisor and the participants. Separate financial statements and tax returns need to be prepared for each entity. With increasingly complex filing requirements, it has become unrealistic to complete all the necessary financial statements and tax returns required to complete and deliver Schedules K-1 to participants in time to file their federal income tax returns by April 15, causing participants to have to file their tax returns on extension. After the consolidation, tax returns will be required only for the company and the operating partnership. Participants who receive operating partnership units will receive only one Schedule K-1. Participants who receive only common stock in the consolidation will receive one Form 1099 for all their interests. The supervisor believes that the simplified financial reporting and tax filings will allow for faster completion and distribution of Forms 1099 and Schedules K-1 for participants and allow participants to file their taxes by April 15 of each year.

81

Table of Contents

Comparison of Distributions

The following table sets forth a comparison of the distributions by the subject LLCs and by the company:

Subject LLC	Average Annual Distribution for the years ending December 31, 2007-2011 Per $10,000 Original Investment[1]	Estimated Initial Distribution of the Company to Former Participants for the year ending September 30, 2013 Per $10,000 Original Investment[2]
Empire State Building Associates L.L.C.		
Distributions out of basic rent	$ 1,179	
Distributions out of overage rent		
Overage rent distributions attributable to borrowing[1]	$ 140	
Overage rent distributions attributable to operations	$ 1,791	
Total distributions	$ 3,110	$ 5,866[4]
60 East 42nd St. Associates L.L.C.		
Distributions out of basic rent	$ 1,495	
Distributions out of overage rent		
Overage rent distributions attributable to borrowing[1]	$ 1,498	
Overage rent distributions attributable to operations	$ 3,317	
Total distributions	$ 6,310	$ 7,294
250 West 57th St. Associates L.L.C.		
Distributions out of basic rent	$ 2,000	
Distributions out of overage rent		
Overage rent distributions attributable to borrowing[1]	$ 3,308	
Overage rent distributions attributable to extraordinary lease cancellation payment[3]	$ 652	
Overage rent distributions attributable to operations	$ 5,016	
Total distributions	$ 10,976	$ 7,421[4]

(1) Distributions each year consist of small regular monthly distributions out of basic rent and larger, but variable, distributions out of overage rent. The amount of distributions out of overage rent varies from year to year depending on factors such as:

- capital expenditures funded out of operating cash flow which reduced distributions;
- borrowings to fund capital expenditures which must be agreed to by the operating lessees of each subject LLC and which would otherwise have been paid out of operating cash flow, which increases overage rent and the amount available for distribution; and
- non-recurring events that generate additional cash, such as early lease cancellations, which may increase distributions and non-recurring events that require expenditure of funds, which may decrease distributions.

Accordingly, participants should not treat the amount distributed in any year as indicative of the amount that they would have received in future years if the subject LLC continued its operations. After the consolidation, a diverse collection of properties will be combined with more efficient access to capital and, as a result, the supervisor expects that overall distributions should be more consistent with less fluctuation due to these factors.

(2) The calculation of the estimated annual distributions to stockholders of the company is shown in the table under Background of and Reasons for the Consolidation Comparison of Distributions by the Subject LLCs and the Company Distributions by the Company.

(3) In 2010, the operating lessee received an extraordinary lease cancellation payment from a space tenant in the amount of $7.9 million, which contributed to $3,259 per $10,000 original investment of overage rent distributions in that year (or $652 per $10,000 original investment of average annual overage rent distributions over the period).

(4) Assumes that a participant is subject to the voluntary override.

Table of Contents

Voluntary Pro Rata Reimbursement Program for Expenses of Legal Proceedings with Former Property Manager and Leasing Agent

In 1997, the supervisor commenced litigation and arbitration proceedings, which is referred to herein as the former property manager and leasing agent legal proceedings, to remove Helmsley-Spear, Inc. (after it was sold by entities controlled by Leona M. Helmsley), the former property manager and leasing agent, as property manager and leasing agent of the properties owned by the subject LLCs.

The successful outcome of the former property manager and leasing agent legal proceedings and the settlement thereof enabled the subject LLCs to conclude the termination of the former property manager and leasing agent as property manager and leasing agent (with the release of claims) and engage new independent property managers (except Empire State Building Associates L.L.C., which later became self-managed) and leasing agents and to launch strategic improvements and Malkin branding programs for the properties that the subject LLCs own. The supervisor also added engineering, marketing and tax/accounting staff to compensate for the former property manager and leasing agent s deficiency. While the supervisor has believed from inception that it is entitled to be reimbursed for these litigation and arbitration expenses, it, together with Peter L. Malkin, advanced all costs pending the outcome.

Now, with the impending consolidation, the supervisor requests of each participant in each subject LLC, on a voluntary and individual basis, consent that a portion of your distributions to be received in connection with the consolidation or a third-party portfolio transaction, as applicable, be applied to reimburse the supervisor and Peter L. Malkin for a pro rata share of such advances, including interest at prime, from the date of each such advance. The same voluntary pro rata reimbursement program has been approved by holders representing 72.36% of the interests in the 13 private entities and other entities supervised by the supervisor to which the proposal has been made. These approvals include the Helmsley estate, which as part of an agreement with the supervisor covering this and other matters, has paid the voluntary pro rata reimbursement to the supervisor for its pro rata share of costs advanced, plus interest, which totaled $5,021,048.

If you consent to the voluntary pro rata reimbursement program, the supervisor and Peter L. Malkin will be reimbursed for your pro rata share of costs, plus interest, previously incurred out of your share of the excess cash of your subject LLC that is being distributed to participants, and, to the extent that is insufficient, the consideration that you would receive in the consolidation or the consideration that you would receive in a third-party portfolio transaction, as applicable, will be reduced by the balance and such balance would be paid to the supervisor and Peter L. Malkin in shares of Class A common stock, if the consolidation is consummated, or out of distributions that you would receive from the proceeds of a third-party portfolio transaction, if consummated, or out of distributions from operations of the subject LLC. To the extent that the supervisor and Peter L. Malkin have not otherwise been reimbursed from distributions in connection with the consolidation, 50% of any distributions to be paid to you in excess of your share of aggregate distributions by the subject LLC equal to $3,889,333 per annum, $1,046,320 per annum and $720,000 per annum, respectively, for Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. for the period commencing January 1, 2008 (including any cumulative deficiency from prior months) will be applied to reimburse the supervisor and Peter L. Malkin for a pro rata share of such advances, including interest at prime from the date of each such advance, until your pro rata share of the costs is paid in full. Cumulative distributions equal to the target amount have been made for the period from January 1, 2008 through the date hereof and therefore there are no past cumulative deficiencies.

Table of Contents

The table below shows the amount to be received by the supervisor out of the distributions of each consenting participant for each $10,000 of original investment by a participant pursuant to the voluntary pro rata reimbursement program:

	Voluntary Reimbursement	
	Per $10,000 Original Investment(1)	Total Potential Reimbursement with 100% Participation
Empire State Building Associates L.L.C.	$ 1,029	$ 3,396,880
60 East 42nd St. Associates L.L.C.	$ 2,410	$ 1,687,101
250 West 57th St. Associates L.L.C.	$ 2,080	$ 748,704

(1) Empire State Building Associates L.L.C. s, 60 East 42nd St. Associates L.L.C. s and 250 West 57th St. Associates L.L.C. s share of the aggregate voluntary reimbursement (before any reimbursements) is $3,150,896, $1,564,930, and $694,487, respectively, plus interest. The amount shown in the table includes accrued interest through September 30, 2012 and does not include interest which will accrue subsequent to September 30, 2012.

97% of the potential voluntary reimbursement is attributable to advances by Peter L. Malkin for payments to unaffiliated third parties, with interest thereon at prime, and 3% is for amounts to be paid to the supervisor for work it performed.

The consent to the voluntary pro rata reimbursement program is independent of your vote on the consolidation. Thus, you can consent to the program whether you voted **FOR**, **AGAINST**, **ABSTAIN** or failed to vote on the consolidation and the third-party portfolio proposal. Your failure to consent to the program will not affect whether or not the subject LLC participates in the consolidation or a third-party portfolio transaction.

See Voluntary Pro Rata Reimbursement Program for Expenses of Legal Proceedings with Former Property Manager and Leasing Agent.

Allocation of Consideration in the Consolidation

The following table sets forth for each subject LLC, each private entity and the management companies:

- the exchange value of each subject LLC, each private entity and the management companies;
- the percentage of total exchange value and percentage of total shares of common stock, on a fully-diluted basis, to be issued;
- the number of shares of common stock, on a fully-diluted basis, to be allocated to each subject LLC, each private entity and the management companies based on the hypothetical exchange value of $10 per share arbitrarily assigned by the supervisor for illustrative purposes, including the number of operating partnership units to be allocated on account of the override interests of the supervisor and the Malkin Holdings group;
- the value of common stock or operating partnership units based on the hypothetical exchange value of $10 per share arbitrarily assigned by the supervisor for illustrative purposes for each $10,000 of original investment in each subject LLC and its operating lessee;

the book value (deficit) of the assets determined in accordance with U.S. generally accepted accounting principles, which is referred to herein as GAAP, per $10,000 original investment in each subject LLC and its operating lessee; and

Table of Contents

the number of shares of common stock, on a fully-diluted basis, per $10,000 original investment in each subject LLC and its operating lessee:

				Per $10,000 Original Investment (except as otherwise noted)		
Entity[1]	**Total Exchange Value[2][3]**	**Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[4]**	**Number of Shares of Common Stock, on a Fully-Diluted Basis[4][5]**	**Value of Shares of Common Stock or Operating Partnership Units[3]**	**GAAP Book Value (Deficit) as of September 30, 2012**	**Number of Shares of Common Stock, on a Fully-Diluted Basis[5]**
Empire State Building Associates L.L.C.						
Participants (subject to voluntary override)	$ 1,004,308,935	24.0%	100,430,894	$ 323,803	$ (2,853)	32,380
Participants (not subject to voluntary override)	$ 71,160,232	1.7%	7,116,023	$ 358,670	$ (2,853)	35,867
Override Interests to the Malkin Holdings group[6]	$ 108,143,382	2.6%	10,814,338	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 1,183,612,549	28.3%	118,361,255			
60 East 42nd St. Associates L.L.C.						
Participants	$ 281,860,580	6.7%	28,186,058	$ 402,658	$ (13,607)	40,266
Override Interests to the Malkin Holdings group	$ 31,208,953	0.8%	3,120,895	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 313,069,533	7.5%	31,306,953			
250 West 57th St. Associates L.L.C.						
Participants (subject to voluntary override)	$ 115,510,893	2.8%	11,551,089	$ 409,662	$ (7,497)	40,966
Participants (not subject to voluntary override)	$ 35,345,763	0.9%	3,534,576	$ 452,957	$ (7,497)	45,296
Override Interests to the Malkin Holdings group[6]	$ 12,207,951	0.3%	1,220,795	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 163,064,607	3.9%	16,306,461			
Empire State Building Company L.L.C.[7][8]						
Members and Participants	$ 1,056,028,581	25.3%	105,602,858	$ 105,602,858	$ 2,601,832	10,560,286
Override Interests to the Malkin Holdings group	$ 52,889,643	1.3%	5,288,964	NA	NA	NA
Other Override Interests	$ 53,218,257	1.3%	5,321,826	NA	NA	NA
Total	$ 1,162,136,482	27.8%	116,213,648			
Lincoln Building Associates L.L.C.[9]						
Members	$ 266,388,586	6.4%	26,638,859	$ 2,663,886	$ 563,798	266,389
Override Interests to the Malkin Holdings group	$ 29,598,732	0.7%	2,959,873	NA	NA	NA
Other Override Interests	$ 0	0%	0	NA	NA	NA
Total	$ 295,987,317	7.1%	29,598,732			
Fisk Building Associates L.L.C.[10]						
Members and Participants	$ 105,470,905	2.5%	10,547,090	$ 10,547,090	$ 263,687	1,054,709

Override Interests to the Malkin Holdings group	$ 31,851,768	0.8%	3,185,177	NA	NA	NA
Other Override Interests	$ 13,826,125	0.3%	1,382,612	NA	NA	NA
Total	$ 151,148,797	3.6%	15,114,880			
1333 Broadway Associates L.L.C.						
Members	$ 156,335,546	3.7%	15,633,555			

85

Table of Contents

				Per $10,000 Original Investment (except as otherwise noted)		
Entity[1]	**Total Exchange Value**[2][3]	**Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis**[4]	**Number of Shares of Common Stock, on a Fully-Diluted Basis**[4][5]	**Value of Shares of Common Stock or Operating Partnership Units**[3]	**GAAP Book Value (Deficit) as of September 30, 2012**	**Number of Shares of Common Stock, on a Fully-Diluted Basis**[5]
1350 Broadway Associates L.L.C.						
Peter L. Malkin 50% Group	$ 54,376,708	1.3%	5,437,671			
Override Interests to the Malkin Holdings group	$ 13,545,915	0.3%	1,354,591			
Other Override Interests	$ 0	0%	0			
David M. Baldwin 50% Group	$ 67,922,623	1.6%	6,792,262			
Total	$ 135,845,247	3.3%	13,584,525			
Marlboro Building Associates L.L.C.						
Members	$ 147,828,064	3.5%	14,782,806			
Override Interests to the Malkin Holdings group[6]	$ 10,404,981	0.3%	1,040,498			
Other Override Interests	$ 0	0%	0			
Total	$ 158,233,045	3.8%	15,823,304			
Seventh & 37th Building Associates L.L.C.						
Participants	$ 60,461,969	1.5%	6,046,197			
Override Interests to the Malkin Holdings group[6]	$ 5,746,980	0.1%	574,698			
Other Override Interests	$ 0	0%	0			
Total	$ 66,208,949	1.6%	6,620,895			
501 Seventh Avenue Associates L.L.C.						
Member	$ 56,462,653	1.4%	5,646,265			
Override Interests to the Malkin Holdings group	$ 6,273,628	0.2%	627,363			
Other Override Interests	$ 0	0%	0			
Total	$ 62,736,281	1.5%	6,273,628			
Soundview Plaza Associates II L.L.C.[11]						
Malkin Co-Investor Capital L.P. (General Partner)[12]	$ 114,039	0.0%	11,404			
Malkin Co-Investor Capital L.P. (Class A LPs)	$ 11,289,834	0.3%	1,128,983			
Malkin Co-Investor Capital L.P. (Class B LPs) [13]	$ 0	0.0%	0			
Peter L. Malkin	$ 8,935,118	0.2%	893,512			
New Soundview Plaza Associates LLC (excluding interests held by the Malkin Holdings group)	$ 1,218,425	0.0%	121,842			
Total	$ 21,557,416	0.5%	2,155,742			
East West Manhattan Retail Portfolio L.P.						

General Partner(12)	$ 560,119	0.0%	56,012
Class A LPs	$ 27,725,882	0.7%	2,772,588
Class B LP(13)	$ 27,725,882	0.7%	2,772,588
Total	$ 56,011,882	1.3%	5,601,188
One Station Place, Limited Partnership(11)			
General Partner(12)	$ 579,030	0.0%	57,903
Class A LP	$ 5,211,267	0.1%	521,127
Class B LPs	$ 52,112,666	1.3%	5,211,267
Total	$ 57,902,962	1.4%	5,790,296

Table of Contents

				Per $10,000 Original Investment (except as otherwise noted)		
Entity[1]	**Total Exchange Value[2][3]**	**Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[4]**	**Number of Shares of Common Stock, on a Fully-Diluted Basis[4][5]**	**Value of Shares of Common Stock or Operating Partnership Units[3]**	**GAAP Book Value (Deficit) as of September 30, 2012**	**Number of Shares of Common Stock, on a Fully-Diluted Basis[5]**
New York Union Square Retail L.P.						
General Partner[12]	$ 833,793	0.0%	83,379			
Class A LPs	$ 41,272,757	1.0%	4,127,276			
Class B LP[13]	$ 41,272,757	1.0%	4,127,276			
Total	$ 83,379,307	2.0%	8,337,931			
Westport Main Street Retail L.L.C.[11]						
Manager[14]	$ 69,256	0.0%	6,926			
Class A Members	$ 6,856,297	0.2%	685,630			
Class B Member[13]	$ 0	0.0%	0			
Total	$ 6,925,553	0.2%	692,555			
Fairfax Merrifield Associates L.L.C.						
Participants	$ 5,703,986	0.1%	570,399			
Override Interests to the Malkin Holdings group	$ 633,776	0.02%	63,378			
Other Override Interests	$ 0	0%	0			
Total	$ 6,337,762	0.1%	633,776			
Merrifield Apartments Company L.L.C.						
55% Members	$ 3,137,192	0.1%	313,719			
45% Members	$ 1,283,397	0.0%	128,340			
Override Interests to the Malkin Holdings group	$ 1,275,275	0.03%	127,547			
Other Override Interests	$ 641,698	0.02%	64,170			
Total	$ 6,337,762	0.2%	633,776			
First Stamford Place L.L.C.						
Class A & A2 Members	$ 3,655,634	0.1%	365,563			
Manager[14]	$ 73,851	0.0%	7,385			
Class B Member[13]	$ 3,655,634	0.1%	365,563			
Total	$ 7,385,119	0.2%	738,512			
1185 Swap Portfolio L.P.[11]						
1185 Bank L.L.C.(General Partner)[12]	$ 271,977	0.0%	27,198			
1185 Gotham L.L.C.(General Partner)[11]	$ 371,386	0.0%	37,139			
Total (General Partner)	$ 643,364	0.0%	64,336			
1185 Bank L.L.C.(Class 1 LP)	$ 13,928,283	0.3%	1,392,828			
1185 Gotham L.L.C.(Class 1 LP)	$ 19,019,130	0.5%	1,901,913			
Total (Class 1 LP)	$ 32,947,413	0.8%	3,294,741			
1185 Bank L.L.C.(Class 2 LP)	$ 539,450	0.0%	53,945			
1185 Gotham L.L.C.(Class 2 LP)	$ 736,621	0.0%	73,662			

Total (Class 2 LP)	$ 1,276,070	0.0%	127,607
Malkin Support Fund L.P.	$ 1,988,308	0.1%	198,831
Total (1185 Swap Portfolio L.P.)	$ 36,855,156	0.9%	3,685,516

Table of Contents

Entity[1]	Total Exchange Value[2][3]	Percentage of Total Exchange Value and Percentage of Total Shares of Common Stock Issued, on a Fully-Diluted Basis[4]	Number of Shares of Common Stock, on a Fully-Diluted Basis[4][5]	Per $10,000 Original Investment (except as otherwise noted) Value of Shares of Common Stock or Operating Partnership Units[3]	GAAP Book Value (Deficit) as of September 30, 2012	Number of Shares of Common Stock, on a Fully-Diluted Basis[5]
Fairfield Merrittview Limited Partnership[11]						
General Partner[12]	$ 51,407	0.0%	5,141			
Class A LP	$ 2,804,539	0.1%	280,454			
Class B LP[13]	$ 2,284,752	0.1%	228,475			
Override Interests to the Malkin Holdings group	$ 571,189	0.01%	57,119			
Other Override Interests	$ 0	0%	0			
Total	$ 5,711,887	0.1%	571,189			
500 Mamaroneck Avenue L.P.						
Class A LPs	$ 10,858,230	0.3%	1,085,823			
Class B LPs[13]	$ 0	0.0%	0			
General Partner[12]	$ 109,679	0.0%	10,968			
Co-Tenant	$ 3,655,970	0.1%	365,597			
Total	$ 14,623,878	0.4%	1,462,388			
BBSF LLC	$ 14,600,000	0.4%	1,460,000			
Supervisor and Management Companies						
Malkin Holdings, LLC[15]	$ 5,777,000	0.1%	577,700			
Malkin Properties[16]	$ 5,500,000	0.1%	550,000			
Malkin Construction Corp.	$ 5,025,000	0.1%	502,500			
Total	$ 16,302,000	0.4%	1,630,200			
Total	**$ 4,182,309,037**	**100.0%**	**418,230,904**			
Overrides (including Class B interests) held by the Supervisor and the Malkin Holdings group	$ 304,352,372	7.3%	30,435,237			
Overrides (including Class B interests) of other Persons	$ 128,327,761	3.1%	12,832,776			

(1) Excludes three private entities which are the ground lessees and an operating lessee of two properties that are supervised by the supervisor, having an aggregate exchange value of $612,458,701. The operating partnership has entered into option agreements pursuant to which it has the option to acquire their property interests upon the final resolution of certain ongoing litigation with respect to these properties. The exchange values of such properties are the exchange values the properties would have had if the litigation is resolved, and were determined on a basis consistent with the exchange values of the subject LLCs and the private entities. If the option properties are included in the consolidation, the aggregate exchange value would increase by the total exchange value of the option properties, and the individual exchange values of the other properties would not be affected. The relative share of the aggregate exchange value of each of the subject LLCs would be calculated based on the aggregate exchange value including the private entities that own the option properties.

(2) The exchange value is determined as described in Exchange Value and Allocation of Operating Partnership Units and Common Stock Derivation of Exchange Values.

(3) The exchange value of each subject LLC, each private entity and the management companies is based on each subject LLC s, each private entity s and each management company s assets and liabilities included in the quarterly balance sheets of the subject LLC, private entity or the management companies, as of June 30, 2012. The exchange value will be revised to reflect changes in the balance sheet items included in the calculation of the exchange value in the final quarterly balance sheet prior to the closing of the consolidation (other than indebtedness incurred after June 30, 2012 which is used to fund capital

expenditures taken into account in the Appraisal or held as reserves for such purposes and included in the assets contributed by the subject LLC or private entity to the company), but will not be revised based on changes in the balance sheets or other events after the final quarterly balance sheet date prior to the closing of the consolidation.

(4) The number of shares of common stock issued, on a fully-diluted basis, equals the number of shares of Class A common stock outstanding plus shares of Class A common stock issuable upon the exchange of operating partnership units or upon conversion of Class B common stock for shares of Class A common stock on a one-for-one basis. To the extent that participants in the private entities that are non-accredited investors or charitable organizations receive cash, the Class A common stock, which would have been issued to them, will not be issued. As a result, the number of outstanding shares of Class A common stock will be reduced and the percentage of the Class A common stock each participant owns will increase.

(5) The number of shares of common stock, on a fully-diluted basis, assumes that none of the participants in the private entities receive cash. The number of shares of common stock, on a fully-diluted basis, issuable to each subject LLC, as set forth in the table, was determined by dividing the exchange value for the subject LLC by $10, which is the hypothetical value that the supervisor arbitrarily assigned for illustrative purposes. The number of shares of Class A common stock, Class B common stock, and operating partnership units issued in

the consolidation will be determined based on the company s enterprise value, which will be determined based on the IPO price. Enterprise value is calculated without giving effect to shares of Class A common stock issued in the IPO. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO. As the company continues to develop a track record as a public company, the supervisor believes that the company s trading price following the IPO will be based on, among other things, the company s historical and future performance, its performance relative to its peers, market conditions generally and its continued seasoning in the public markets. The company currently intends to pay regular quarterly dividends based on the performance of the company and its portfolio of properties, rather than just one property, and those distributions are required to be at least 90% of annual REIT taxable income (determined without regard to the deduction for dividends paid, and excluding net capital gains) to maintain its qualification as a REIT. REIT taxable income will be determined by the performance of the portfolio of the company s properties and unaffected by its stock price.

(6) Represents a voluntary capital override, which was voluntarily agreed to by certain participants.
(7) Operating lessee of Empire State Building Associates L.L.C.
(8) Information is provided per 1% interest instead of per $10,000 original investment.
(9) Operating lessee of 60 East 42nd St. Associates L.L.C.
(10) Operating lessee of 250 West 57th St. Associates L.L.C.
(11) Based on financial statements prepared on a tax basis and not in accordance with GAAP.
(12) The general partner is an affiliate of the supervisor.
(13) The Class B interests are equivalent to override interests.
(14) The manager is an affiliate of the supervisor.
(15) Total exchange value of the supervisor excludes the value attributable to the supervisor s overrides, which are included in the value of the overrides that the Malkin Holdings group holds in the subject LLCs and the private entities.
(16) Refers collectively to Malkin Properties, L.L.C. Malkin Properties of New York, L.L.C. and Malkin Properties of Connecticut, L.L.C. (collectively Malkin Properties).

How the exchange value per $10,000 original investment was calculated. Exchange value per participant s average $10,000 original investment was calculated as follows. The supervisor started with the exchange value for each subject LLC, as computed by the independent valuer and approved by the supervisor. The supervisor divided the exchange value by the aggregate original investment in each subject LLC multiplied by 10,000 to determine the exchange value per $10,000 original investment. The voluntary capital transaction override was then deducted only from the distributions allocable to those participants that consented. The distributions allocable to participants that did not consent to the voluntary capital transaction override program and/or the voluntary pro rata reimbursement program will be determined without any deduction for such payments. The amount of voluntary capital transaction override in the tables is presented as if each participant in each subject LLC and each private entity that has a voluntary capital transaction override program has consented to the program. To determine the approximate value of the operating partnership units and/or common stock you will receive if your subject LLC is acquired in the consolidation, you would multiply the figure in the fourth column (titled Value of Shares of Common Stock or Operating Partnership Units per Participant s $10,000 Original Investment) by the amount of your original investment divided by $10,000. This calculation assumes that all payments under the voluntary pro rata reimbursement program will be made out of consenting participants share of excess cash of the subject LLCs and the private entities and not deducted from consideration at closing of the consolidation.

For a detailed explanation of the manner in which the allocations are made, see Background of and Reasons for the Consolidation Allocation of Common Stock and Operating Partnership Units among the Subject LLCs, the Private Entities and the Management Companies.

Voting Procedures for the Consolidation Proposal and the Third-Party Portfolio Proposal

The supervisor is asking you to vote **FOR** both the consolidation and the third-party portfolio proposal. If you own participation interests in more than one subject LLC, for each subject LLC in which you own a participation interest you will receive a transmittal letter, supplement and consent form. Regardless of how many subject LLCs in which you own a participation interest, you will receive a single copy of the prospectus/consent solicitation. Participants in each subject LLC will vote separately on whether or not to approve the consolidation and the third-party portfolio proposal. Accordingly, if you hold interests in more than one subject LLC, you must complete one consent form for each subject LLC in which you are a participant.

If you vote **FOR** the consolidation and your subject LLC participates in the consolidation, you effectively will be voting against the alternatives to the consolidation, other than a third-party portfolio transaction, unless you vote **AGAINST** the third-party portfolio proposal. These alternatives include continuation of your subject LLC and a sale of your subject LLC s interest in the property and distribution of the net proceeds to participants. If the consolidation is not approved your subject LLC and a third-party portfolio transaction is not consummated, the supervisor expects the operations of your subject LLC to continue.

Your consent form must be received by MacKenzie Partners, Inc. by 5:00 p.m. Eastern time on , 2013 unless the supervisor extends the solicitation period as set forth below. You may submit your consent form by mail, to 105 Madison Avenue, NY, NY 10016, or by facsimile, to (212) 929-0308. You can change your vote by mail or facsimile at any time before the later of the date that consents from participants holding the required percentage interest in your participating group are received and the 60th day after the date of this prospectus/consent solicitation. Either MacKenzie Partners, Inc. or the supervisor will send you a written acknowledgment by facsimile or, if requested by you, mail, that your vote has been changed promptly following receipt of a changed vote. If you are a participant in Empire State Building Associates L.L.C. or 60 East 42nd St. Associates L.L.C., and you do not consent to the consolidation or the third-party portfolio proposal, as applicable, you may also change your vote to consent to the consolidation or the third-party portfolio proposal, as applicable, within ten days notice that the required supermajority consent from the participants in your participating group has been received, as described below. You may call MacKenzie Partners, Inc. during the solicitation period to check whether or not the required supermajority consent has been received from the participants in your participating group, or to confirm that your changed vote has been received.

The supervisor may extend on one or more occasions the solicitation period for one or more proposals for one or more subject LLCs or one or more participating groups in a subject LLC without extending for other proposals, subject LLCs or participating groups whether or not it has received approval for the consolidation proposal or the third-party portfolio proposal on expiration of the consent solicitation period.

If you do not submit a consent form, you will be counted as having voted **AGAINST** both the consolidation and the third-party portfolio proposal. If you submit a properly signed consent form but do not indicate how you wish to vote on the consolidation, the third-party portfolio proposal, or both, you will be counted as having voted **FOR** such proposal(s).

The participation interests in each subject LLC are divided into separate participating groups. Participants are being asked to vote on both the proposed consolidation and the third-party portfolio proposal. For each of these proposals to be approved, participants holding 100% of the outstanding participation interests in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. must approve that proposal, and participants holding greater than 75% of the outstanding participation interests in eight out of the ten participating groups of 250 West 57th St. Associates L.L.C. must approve that proposal. Approval by the required vote of the participants in 250 West 57th St. Associates L.L.C. in favor of a proposal will be binding on you if you are a participant in 250 West 57th St. Associates L.L.C. even if you vote **AGAINST** such proposal.

If holders of 80% of the participation interests in any of the three participating groups in Empire State Building Associates L.L.C. or holders of 90% of the participation interests in any of the seven participating groups in 60 East 42nd St. Associates L.L.C. approve the consolidation or third-party portfolio proposal, as shown in the tabulation of consents by Mackenzie Partners, Inc., pursuant to a buyout right included in the participating agreements since inception of the subject LLCs, the agent of any such participating group will purchase on behalf of the subject LLC the participation interest of any participant in such participating group that voted **AGAINST** the consolidation or the third-party portfolio proposal or **ABSTAINED**, as applicable, or that did not submit a consent form, even if the proposal is not approved by the other participating groups in such subject LLC, unless such participant consents to the proposal within ten days after receiving written notice that the required supermajority consent has been received by such participant s participating group, for the buyout amount.

The buyout amount for your interest would be substantially lower than the exchange value. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively.

These buyouts are contractual provisions expressly stated for 60 East 42nd St. Associates L.L.C. and Empire State Building Associates L.L.C. at the inception of these subject LLCs in their original participating agreements dated December 1, 1954 and July 11, 1961, respectively, under which the participation interests were issued. The buyout provisions were included as a practical way to permit the entity to act, while still following the then-current tax advice provided to the supervisor of the subject LLCs that participants needed to act unanimously to permit these subject LLCs to obtain partnership status and to avoid entity level tax as a corporation for U.S. federal income tax purposes. For this purpose, the buyout provisions allow the purchase, at original cost less capital returned (but not less than $100), of the interest held by a non-consenting participant after ten-days notice of receipt of approval by a required supermajority (90% for 60 East 42nd St. Associates L.L.C. and 80% for Empire State Building Associates L.L.C., in each case by participation group), if such non-consenting participant still does not change its vote to approval. Accordingly, the buyout provisions preserved the unanimity which was considered necessary for these tax reasons, but prevented a small minority, which might be acting for its own purposes and not in the interests of other participants, from preventing action by the large supermajority. The agents are authorized under the participating agreements to buy out participation interests of participants that do not consent to the action if the required supermajority consent is received, as described below. Since such buyout is necessary to provide for the required unanimous consent and is not conditioned on the transaction closing, the agent has the right to buy out participation interests from participants who do not vote **FOR** either proposal, if the required supermajority consent is obtained with respect to such proposal, within ten days after written notice, as described below, whether or not either or neither proposal is consummated.

Prior to an agent purchasing the participation interests of non-consenting participants, an agent will give such participants not less than ten days notice after the required supermajority consent is received by the applicable participating group in a subject LLC to permit them to consent to the consolidation or the third-party portfolio proposal, as applicable, in which case their participation interests will not be purchased. The agents will purchase the participation interests for the benefit of the subject LLC and not for their own account and will be reimbursed by the subject LLC for the cost of such buyout. If the agent purchases these participation interests, the requirement for consent of participants holding 100% of the participation interests of that participating group will be satisfied.

Unanimity on the consents is required pursuant to the organizational documents of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. with respect to both the consolidation and the third-party portfolio proposal for the consent of a participating group; therefore, a participant in either of such subject LLCs who does not vote in favor of either the consolidation or third-party portfolio transaction proposal (and does not change his or her vote after notice that the requisite supermajority consent has been obtained) will be subject to this buyout regardless of whether either or neither transaction is consummated or the required consent of other participating groups is received. A vote for the proposed transaction by the participants constitutes an authorization for the agents of each participating group to approve, in their capacity as members of the applicable subject LLC, the consolidation or the third-party portfolio transaction, as applicable. The agents, under the operating agreements of the subject LLCs, have discretion, subject to their fiduciary duties, to determine whether to approve the transaction, even after supermajority approval has been obtained for either or both transactions and dissenting participants have been bought out. Additionally, the supervisor, acting on behalf of the subject LLCs and the agents, similarly has discretion, subject to its fiduciary duties, as to whether to abandon or to postpone the transaction, even after supermajority approval has been obtained for either or both transactions and dissenting participants have been bought out. The agents and supervisor could determine not to proceed with the consolidation and the IPO due to market conditions or other reasons.

The agents, who are the members of your subject LLCs, recently created a new class of membership interests, which were divided into series. A separate series was deemed to be distributed to holders of each participating group in your subject LLC. Each new series provides protections similar to those under a shareholder rights plan for a corporation. Each new series corresponds to a participating group for which a member acts as agent. The new series will not affect voting rights, except with respect to any person or group that acquires 6%, 3%, or 7.5% or more, respectively, of the outstanding participation interests in the applicable participating group (an acquiring person) for each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C. If there is an acquiring person, the effect of the new series is that approval of the consolidation proposal and the third-party portfolio proposal by a participating group will require approval by the requisite consent of the participants in the participating group, as holders of the new series of membership interests, excluding the acquiring person.

The Wien group collectively owns participation interests in the subject LLCs and has advised that it will vote in favor of the consolidation and the third-party portfolio proposal. These participation interests represent the following percentage ownership for each subject LLC: 8.195% for Empire State Building Associates L.L.C., 8.447% for 60 East 42nd St. Associates L.L.C. and 8.912% for 250 West 57th St. Associates L.L.C. In addition to the participation interests, members of the Wien group hold override interests which are non-voting. See Background of and Reasons for the Consolidation Background of the Subject LLCs.

No Right to Independent Appraisal

If your subject LLC approves the consolidation or the third-party portfolio proposal and your subject LLC participates in the consolidation or a third-party portfolio transaction, as applicable, participants who vote **AGAINST** or **ABSTAIN** with respect to such proposal or do not submit a consent form will not have appraisal rights for their participation interests or a right to receive cash based upon an appraisal.

Table of Contents

Consolidation Expenses

If your subject LLC approves the consolidation and your subject LLC is consolidated with the company, the company will bear all consolidation expenses. The company will also bear all of the consolidation expenses of other subject LLCs and private entities that are consolidated with the company. Additionally, the entities owning the option properties have borne a portion of the consolidation expenses and if the option is approved by the participants in such entities, the company will bear all of the consolidation expenses of such entities.

If the consolidation does not close, each subject LLC and private entity will bear its proportionate share of the consolidation expenses based on the exchange value of each subject LLC and private entity. If the consolidation closes, but the subject LLC does not participate in the consolidation, the subject LLC will bear its proportionate share of all consolidation expenses incurred through the date of termination of the contribution agreement. The supervisor does not know whether the acquiror in a third-party portfolio transaction will agree to pay any of the consolidation expenses.

Conditions to the Consolidation

The following conditions must be satisfied to consummate the consolidation of each of the subject LLCs:

- Requisite consent of the participants in the subject LLC must have been received;
- The IPO must close;
- The operating partnership units and Class A common stock must be approved for listing on the NYSE or another national securities exchange prior to or concurrently with the consummation of the consolidation and the closing of the IPO;
- The contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building;
- The consolidation must have been completed by December 31, 2014 and
- The consolidation will be subject to other customary conditions as set forth in Section 2.1 of the Contribution Agreement attached to the supplement for each subject LLC as Appendix B.

Your Right to Investor Lists and to Communicate with Other Participants

Under federal securities laws, upon written request from you, the supervisor will deliver the following information to you:

- A statement of the approximate number of participants in your subject LLC and
- The estimated cost of mailing a proxy statement, form of proxy or other similar communication to your subject LLC s participants.

In addition, you have the right, at your option, either:

To have your subject LLC mail (at your expense) copies of any consent statement, consent form or other soliciting materials to be furnished by you to the other participants in your subject LLC or

To have your subject LLC deliver to you, within five business days of the receipt of the request, a reasonably current list of the names, addresses and participation interests held by the participants in your subject LLC.

Table of Contents

The right to receive the list of participants is subject to your payment of the cost of mailing and duplication at a rate of $0.20 per page.

U.S. Federal Income Tax Considerations of the Consolidation Proposal

It is expected that the consolidation should be treated for U.S. federal income tax purposes as follows:

(i) If you receive solely shares of Class A common stock, the consolidation should be treated as a taxable sale of your participation interest in which gain or loss is recognized. Such gain or loss should generally equal the difference between your amount realized (which generally will equal the fair market value of shares of Class A common stock that you receive, plus any distribution you receive of consolidation expenses that the operating partnership pays as a reimbursement to your subject LLC, plus the share of liabilities associated with your participation interests that you are deemed to be relieved of under U.S. federal income tax law) and your adjusted tax basis in your participation interests. You will realize phantom income if you have a negative capital account with respect to your participation interest. In each of 250 West 57th St. Associates L.L.C. and 60 East 42nd St. Associates L.L.C., original participants have a negative capital account. If you are an individual or a partnership for New York State personal income tax purposes, any gain that you recognize in the consolidation will generally be treated as New York source income for New York State personal income tax purposes. As a result, you (or, if you are a partnership, any of your partners who are individuals) will generally be subject to New York State personal income tax on such gain even if you are treated as a New York nonresident for purposes of the New York State personal income tax. The New York City personal income tax should not apply to individuals who are treated as New York City nonresidents for purposes of the tax. If all of your participation interest is exchanged for Class A common stock pursuant to the consolidation, suspended passive activity losses associated with your participation interest, if any, may be eligible for treatment as losses that are not from a passive activity to the extent that they exceed income and gains from passive activities for your taxable year that includes the consolidation.

(ii) If you receive solely operating partnership units, or if you receive a combination of (a) operating partnership units and (b) shares of common stock that do not exceed your allocable share, after certain adjustments, of certain qualified capital expenditures of the subject LLC, as further described under U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation Receipt of Operating Partnership Units (the reimbursement amount), the consolidation should be treated as a tax-deferred contribution by the subject LLC of the subject LLC s property to the operating partnership in exchange for operating partnership units and common stock as a reimbursement of certain qualified capital expenditures, followed by a tax-deferred distribution of such operating partnership units and common stock to you. You should not generally recognize gain unless (i) the disguised sale rules of the Code apply, (ii) you are deemed to receive a constructive distribution of cash in excess of your tax basis in your operating partnership units under Sections 731 and 752(b) of the Code due to a reduction in your share of partnership liabilities or (iii) you have at-risk recapture income under Section 465(e) of the Code. To the extent that you do not recognize gain in the consolidation for U.S. federal income tax purposes, you also generally should not recognize gain for purposes of the New York State personal income tax and, if applicable, the New York City personal income tax.

(iii) If you receive a combination of (a) operating partnership units and (b) shares of common stock in excess of your reimbursement amount, you should be treated as first selling a portion of your participation interest for such excess shares of common stock in a transaction in which gain or loss is recognized. Following such sale, the subject LLC should be treated as contributing the portion of its property not attributable to participation interests otherwise treated as having been sold to the operating partnership in exchange for operating partnership units and common stock as a reimbursement of qualified capital expenditures in a tax-deferred contribution, and the subject LLC should be treated as distributing operating partnership units and shares of common stock equal to your reimbursement amount to you in a tax-deferred distribution.

If you receive solely Class A shares of common stock in the consolidation, or if you receive a combination of (a) operating partnership units and (b) an amount of common stock in excess of your reimbursement amount, upon receipt of such shares of common stock, you will be deemed to have consented to treat the consolidation as a sale of all or a portion of your participation interest in exchange for such shares of common stock for U.S. federal income tax purposes.

If you consent to the voluntary pro rata reimbursement program, you may be treated as receiving shares of common stock that you would otherwise receive in the consolidation and immediately transferring such shares of common stock to the supervisor as a reimbursement payment. For this purpose, even if you elect to receive solely operating partnership units in the consolidation, you should be treated as receiving shares of common stock equal to the amount that you are treated as transferring to the supervisor as a reimbursement payment. Accordingly, the gain or loss that you recognize in the consolidation transaction should take into account your deemed receipt of such common stock. You should be entitled to deduct the value of the shares of common stock that you are deemed to pay to the supervisor as an expense associated with your participation interest in your subject LLC. This deduction should offset the amount of gain you recognize, or increase the amount of losses you would otherwise recognize, as a result of your deemed receipt of shares of common stock. However, this deduction may be subject to certain limitations depending on your individual circumstances and may be required to be capitalized, and you should consult with your tax advisor regarding your ability to utilize all or a portion of this deduction for U.S. federal income tax purposes. See U.S. Federal Income Tax Considerations U.S. Federal Income Tax Considerations of the Voluntary Pro Rata Reimbursement Program for the Former Property Manager and Leasing Agent Legal Proceedings.

Whether you receive operating partnership units, Class A common stock, or Class B common stock in connection with the consolidation, you will be allocated your proportionate share of the income and other tax items of the subject LLC for the period ending with the date of closing of the consolidation. You will have to report such income even though you do not receive cash in consideration for your participation interest.

Participants should carefully review U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation. Participants should consult with their tax advisors with regard to the U.S. federal income tax, New York State personal income tax and New York City personal income tax consequences of receiving operating partnership units or common stock in exchange for their participation interests in their particular circumstances.

Taxable gain and loss estimates per participant s $10,000 original investment for participants receiving solely Class A common stock

Subject LLC	**Estimated Gain/(Loss) per Participant s $10,000 Original Investment(1)(2) Participant Receives Class A Common Stock**
Empire State Building Associates L.L.C.	
Participants (without voluntary overrides)	$ 356,320
Participants (with voluntary overrides)	$ 321,460
250 West 57th St. Associates L.L.C.	
Participants (without voluntary overrides)	$ 467,200
Participants (with voluntary overrides)	$ 423,900
60 East 42nd St. Associates L.L.C.	
Participants	$ 425,260

95

(1) Values are based on the hypothetical $10 per share exchange value that the supervisor arbitrarily assigned for illustrative purposes. Upon listing the Class A common stock on the NYSE, the price at which the Class A common stock will trade may be above or below the hypothetical $10 per share.

(2) The estimated gain/(loss) is calculated based upon presumed tax treatment of the subject LLCs as a result of the proposed consolidation for participants that were original investors in the subject LLCs.

Qualification of the Company as a REIT

The company has been organized and intends to operate in a manner that will enable it to qualify as a REIT for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013. The company has not requested and does not intend to request a ruling from the Internal Revenue Service, or the IRS, that it qualifies as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions and Treasury Regulations promulgated thereunder for which there are limited judicial and administrative interpretations. The complexity of these provisions and of applicable Treasury Regulations is greater in the case of a REIT that, like the company, holds its assets through partnerships. To qualify as a REIT, the company must meet, on an ongoing basis, various tests regarding the nature and diversification of the company s assets and income, the ownership of the company s outstanding shares, and the amount of the company s distributions. The company s ability to satisfy these asset tests depends upon the company s analysis of the characterization and fair market values of its assets, some of which are not susceptible to a precise determination, and for which the company will not obtain independent appraisals. The company s compliance with the REIT income and quarterly asset requirements also depends upon the company s ability to manage successfully the composition of its income and assets on an ongoing basis. Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for the company to qualify as a REIT. Thus, while the company intends to operate so that it will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in the company s circumstances, no assurance can be given that the company will so qualify for any particular year. These considerations also might restrict the types of assets that the company can acquire in the future. If the company fails to qualify as a REIT in any taxable year and does not qualify for certain statutory relief provisions, the company will be subject to U.S. federal income tax at regular corporate rates and may be precluded from qualifying as a REIT for the subsequent four taxable years following the year during which it lost its REIT qualification. Even if the company qualifies for taxation as a REIT, it may be subject to certain U.S. federal, state and local taxes on its income or property. See U.S. Federal Income Tax Considerations.

Selected Financial and Other Data

The following table sets forth selected financial and other data on (i) a combined historical basis for the predecessor beginning on page F-51 and (ii) a pro forma basis for the company giving effect to the consolidation and the IPO, the related use of proceeds thereof and the other adjustments described in the unaudited pro forma financial information beginning on page F-5. The company has not presented historical information for Empire State Realty Trust, Inc. because the company has not had any corporate activity since its formation other than the issuance of shares of common stock in connection with the initial capitalization of the company and because the company believes a discussion of the results of the company would not be meaningful.

The company s predecessor s combined historical financial information includes:

The management companies, including their asset management, leasing, administrative, construction and development operations; and

Table of Contents

the real estate operations for the subject LLCs and the private entities excluding the four office properties for which the supervisor acts as supervisor but that are not consolidated into the company s predecessor for accounting purposes except for the company s predecessor s non-controlling interests in such properties.

You should read the following selected financial data in conjunction with the company s combined historical and unaudited pro forma condensed consolidated financial statements and the related notes and with Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust.

The selected historical combined balance sheet information as of December 31, 2011, 2010 and 2009 of the company s predecessor and selected combined statements of operations information for the years ended December 31, 2011, 2010, 2009 and 2008 of the company s predecessor have been derived from the audited historical combined financial statements of the company s predecessor. The historical combined balance sheet information as of September 30, 2012 and combined statements of operations for the nine months ended September 30, 2012 and 2011 have been derived from the unaudited combined financial statements of the company s predecessor. The selected historical combined balance sheet information as of December 31, 2008 and 2007 and selected combined statements of operations information for the year ended December 31, 2007 have been derived from the unaudited combined financial statements of the company s predecessor. The company s results of operations for the interim period ended September 30, 2012 are not necessarily indicative of the results that will be obtained for the full fiscal year.

The company s unaudited selected pro forma condensed consolidated financial statements and operating information as of and for the nine months ended September 30, 2012 and for the year ended December 31, 2011 assumes completion of the consolidation and the IPO and the other adjustments described in the unaudited pro forma financial information beginning on page F-5 as of January 1, 2012 for the operating data and as of the stated date for the balance sheet data.

The company s unaudited pro forma financial information is not necessarily indicative of what the company s actual financial position and results of operations would have been as of the date and for the periods indicated, nor does it purport to represent the company s future financial position or results of operations.

Table of Contents

Empire State Realty Trust, Inc.

Selected Financial and Other Data

(amounts in thousands except for shares and per share data)

	Nine Months Ended September 30,			Year Ended December 31,					
	Pro Forma Consolidated	Historical Combined (Predecessor)		Pro Forma Consolidated	Historical Combined (Predecessor)				
	2012 (Unaudited)	2012	2011	2011 (Unaudited)	2011	2010	2009	2008	2007 (Unaudited)
Statement of Operations Data:									
Revenue:									
Rental revenue	$ 232,321	$ 129,673	$ 126,768	$ 301,828	$ 198,494	$ 166,159	$ 167,556	$ 162,194	$ 166,524
Tenant expense reimbursement	46,305	22,570	22,869	62,932	31,063	32,721	36,309	35,684	35,789
Third-party management and other fees	2,148	3,909	4,671	3,672	5,626	3,750	4,296	5,916	4,220
Construction revenue	11,731	11,731	35,323	47,560	47,560	27,139	15,997	56,561	42,373
Observatory income[(1)(2)]	68,493			80,562					
Other income and fees	23,041	8,778	9,909	16,485	12,045	16,776	8,157	8,442	13,601
Total Revenues	384,039	176,661	199,540	513,039	294,788	246,545	232,315	268,797	262,507
Expenses									
Operating expenses	106,186	40,336	40,520	141,381	57,102	60,356	58,850	55,291	51,180
Marketing, general, and administrative expenses	26,481	14,415	13,431	28,778	15,688	13,924	16,145	17,763	17,173
Observatory expenses[(2)]	15,473			20,009					
Construction expenses	12,575	12,575	34,121	46,230	46,230	27,581	17,281	56,080	42,217
Formation transaction expenses		1,640	1,849		2,845	807			
Real estate taxes	50,401	22,493	21,968	67,439	29,160	27,585	28,937	24,863	22,063
Depreciation and amortization	69,194	31,877	25,773	93,941	35,513	34,041	29,327	26,838	25,802
Total Operating Expenses	280,310	123,336	137,662	397,778	186,538	164,294	150,540	180,835	158,435

(footnotes on next page)

Table of Contents

	Nine Months Ended September 30,			Year Ended December 31,					
	Pro Forma Consolidated	Historical Combined (Predecessor)		Pro Forma Consolidated	Historical Combined (Predecessor)				
	2012 (Unaudited)	2012	2011	2011 (Unaudited)	2011	2010	2009	2008	2007 (Unaudited)
Income from Operations before Interest Expense and Equity in Net income of Non-controlled Entities	103,729	53,325	61,878	115,261	108,250	82,251	81,775	87,962	104,072
Interest expense, net	43,566	40,223	41,732	56,608	54,746	52,264	50,738	48,664	50,758
Income from Operations before Equity in Net Income of Non-controlled Entities	60,163	13,102	20,146	58,653	53,504	29,987	31,037	39,298	53,314
Equity in net income of non-controlled entities(2)		13,498	12,239		3,893	15,324	10,800	13,422	15,947
Net Income	$ 60,163	$ 26,600	$ 32,385	$ 58,653	$ 57,397	$ 45,311	$ 41,837	$ 52,720	$ 69,261
Other Data									
Funds from operations(3)	$ 128,804	$ 63,381	$ 63,402	$ 151,854	$ 99,761	$ 85,020	$ 75,458	$ 83,513	
EBITDA(4)	$ 178,514	$ 106,837	$ 108,235	$ 213,171	$ 158,647	$ 141,283	$ 129,591	$ 134,269	
Cash flows from:									
Operating activities		$ 85,646	$ 59,426		$ 47,682	$ 73,574	$ 58,509	$ 75,410	
Investing activities		$ (69,836)	$ (42,218)		$ (60,527)	$ (34,837)	$ (38,617)	$ (13,768)	
Financing activities		$ (8,891)	$ 20,685		$ 11,130	$ (44,793)	$ (5,035)	$ (65,824)	

	Nine Months Ended September 30,		Year Ended December 31,				
	Pro Forma Consolidated	Historical Combined (Predecessor)	Historical Combined (Predecessor)				
	2012 (Unaudited)	2012 (Unaudited)	2011	2010	2009	2008 (Unaudited)	2007 (Unaudited)
Balance Sheet Data (at period end):							
Net real estate	$ 1,239,096	$ 675,139	$ 632,132	$ 590,466	$ 582,904	$ 567,404	$ 575,348
Total assets	$ 2,683,193	$ 1,053,348	1,004,971	910,743	890,598	857,796	870,537
Notes and loans payable	$ 1,110,292	$ 991,275	939,705	869,063	871,636	828,150	828,812
Total liabilities	$ 1,351,356	$ 1,073,085	1,003,677	922,308	908,856	872,736	873,036
Stockholders /owners equity (deficit)	$ 1,331,837	$ (19,737)	1,294	(11,565)	(18,258)	(14,940)	(2,499)
Total liabilities and stockholders /owners equity (deficit)	$ 2,683,193	$ 1,053,348	1,004,971	910,743	890,598	857,796	870,537

(1) Observatory income includes $4,167 and $4,870 for the nine months ended September 30, 2012 and for the year ended December 31, 2011, respectively, of rental revenue attributable to a retail tenant which operates the concession space in the observatory under a lease expiring in May 2020.

(2) For the historical combined periods, the company s proportionate share of the revenues and expenses of the Empire State Building, including the observatory, are included in Equity in net income of non-controlled entities. Upon completion of the IPO, the revenues and expenses of the Empire State Building, including the observatory, will be presented on a consolidated basis.

(3) For a definition and reconciliation of funds from operations, or FFO, and a statement disclosing the reasons why the company s management believes that presentation of FFO provides useful information to investors and, to the extent material, any additional purposes for which the company s management uses FFO, see Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust Funds from Operations.

(4) For a definition and reconciliation of earnings before interest, income tax, depreciation and amortization, or EBITDA, and a statement disclosing the reasons why the company s management believes that presentation of EBITDA provides useful information to investors and, to the extent material, any additional purposes for which the company s management uses EBITDA, see Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust EBITDA.

RISK FACTORS

Before you decide how to vote on the consolidation and the third-party portfolio proposal, you should be aware that there are various risks involved in the consolidation and a third-party portfolio transaction, including those described below. In addition to the other information included in this prospectus/consent solicitation, you should consider the following risk factors carefully in determining whether to vote in favor of the consolidation and the third-party portfolio proposal. The supervisor believes the various risks described below have substantially the same affect on participants in each subject LLC.

The supervisor and the company also caution you that this prospectus/consent solicitation contains forward-looking statements. These forward-looking statements are based on the supervisor s or the company s beliefs and expectations as applicable, which may not be correct. Important factors that could cause such actual results to differ materially from the expectations reflected in these forward-looking statements include those set forth below, as well as general economic, business and market conditions, changes in federal and local laws and regulations, costs or difficulties relating to the consolidation and related transactions and increased competitive pressures. See Forward-Looking Statements. The terms of the agreements and the assumptions concerning the IPO could change prior to the closing of the consolidation and the IPO and such changes could be significant.

Risk Factors Related to the Company and Risks Resulting from the Consolidation

The value of the operating partnership units and/or common stock that you receive and trading price of the operating partnership units and Class A common stock following completion of the IPO is uncertain. The value of the operating partnership units and Class A common stock and their trading prices could be lower than anticipated and, based on current market conditions, the supervisor believes that such values may be less than the exchange value.

The exchange values of the subject LLCs, each private entity and the management companies were determined based on the Appraisal of each subject LLC, each private entity and the management companies prepared by the independent valuer. The Appraisal does not necessarily represent the values that would be realized in a sale of the subject LLCs, the private entities, the management companies or their assets in arm s length transactions. The value of the operating partnership units and/or common stock that you receive will be based on the enterprise value of the company determined in connection with the IPO. The enterprise value and the IPO price for the Class A common stock will be based on a variety of factors, including the price per share at which third-party investors are willing to invest in the Class A common stock and economic and market conditions for the Class A common stock at the time of the IPO. Accordingly, the fair market value of the consideration that you receive will not be known until the pricing of the IPO, which will occur after you vote upon the approval of the consolidation transaction. The enterprise value (which is based on the IPO price) will be determined by, among other things, market conditions at the time of pricing of the IPO, the historical and future performance of the company and its portfolio of properties and the market s view of the company s net asset value and other valuation metrics. Today, some REITs common stock trades at a premium to perceived net asset value and others trade at a discount to perceived net asset value. The market s view of the company s net asset value determined in connection with the IPO could be less than the exchange values determined based on the Appraisal. The Appraisal was undertaken in connection with establishing relative value for the purpose of allocation of interests in the company among contributors of interests in the properties and not to establish the value of shares of common stock in the company upon completion of the IPO. In contrast, the pricing of REIT initial public offerings generally takes into account different factors not considered in the Appraisal, including current conditions in the securities markets, investor preferences and the market s view of the company s management team. Additionally, the Appraisal did not take into account transaction costs for the consolidation and the IPO.

The supervisor believes that initial public offering pricing for REIT common stock generally is at a discount to the market price for common stock of well-established, publicly-traded REITs, and that the company s IPO pricing will be no different. For this and other reasons, the supervisor expects that the enterprise value at the pricing of the IPO will be lower than the aggregate exchange value at the pricing of the IPO, and such discount at the pricing of the IPO could be material and substantial. This discount cannot be determined until the pricing of the IPO.

Table of Contents

The market value of the operating partnership units and Class A common stock could be substantially affected by general market conditions, including the extent to which a secondary market develops for the operating partnership units and Class A common stock following the IPO, the extent of institutional investor interest in the company, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities, including securities issued by other real estate-based companies, the company s financial performance and general stock and bond market conditions.

The supervisor arbitrarily has assigned $10 as the hypothetical value of each operating partnership unit and share of common stock for purposes of illustrating the number of operating partnership units and shares of common stock that will be issued to each of the subject LLCs, the private entities and the management companies in the consolidation. The IPO price of the Class A common stock may be below the hypothetical $10 per share.

The stock markets, including the NYSE on which the company expects the operating partnership units issued to participants in the subject LLCs and shares of the Class A common stock will be listed, have from time to time experienced significant price and volume fluctuations. As a result, the market price of the operating partnership units and shares of the Class A common stock may be similarly volatile, and investors in the operating partnership units and shares of the Class A common stock may from time to time experience a decrease in the value of their units or shares, including decreases unrelated to the company s operating performance or prospects. The price of the operating partnership units and shares of the Class A common stock could be subject to wide fluctuations in response to a number of factors, including those listed in this Risk Factors section of this prospectus/consent solicitation and others such as:

- the company s operating performance and the performance of other similar companies;
- actual or anticipated differences in the company s quarterly operating results;
- changes in the company s revenues or earnings estimates or recommendations by securities analysts;
- publication of research reports about the company, the office or retail real estate sectors, office or retail tenants or the real estate industry;
- increases in market interest rates, which may lead investors to demand a higher distribution yield for shares of the company s common stock, and would result in increased interest expenses on the company s debt;
- actual or anticipated changes in the company s and its tenants businesses or prospects;
- the current state of the credit and capital markets, and the company s ability and the ability of the company s tenants to obtain financing;
- additions and departures of key personnel;
- increased competition in the commercial office and retail real estate business in the company s markets;
- strategic decisions by the company or the company s competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;

the passage of legislation or other regulatory developments that adversely affect the company or the company s industry;

speculation in the press or investment community;

actions by institutional stockholders;

equity issuances by the company (including the issuances of operating partnership units), or common stock resales by the company s stockholders, or the perception that such issuances or resales may occur;

Table of Contents

- the impact of the limited number of holders of each series of operating partnership units, the lock-ups and tax attributes;
- actual, potential or perceived accounting problems;
- changes in accounting principles;
- the failure of the operating partnership to maintain its status as a partnership for U.S. federal income tax purposes;
- failure of the company to qualify as a REIT;
- terrorist acts, natural or man-made disasters or threatened or actual armed conflicts and
- general market and local, regional and national economic conditions, particularly in the Manhattan and greater New York metropolitan area, including factors unrelated to the company s performance.

No assurance can be given that the market price of the operating partnership units and shares of the Class A common stock will not fluctuate or decline significantly in the future or that holders of operating partnership units and shares of the Class A common stock will be able to sell their units or shares when desired on favorable terms, or at all. From time to time, in the past, securities class action litigation has been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert the company s management s attention and resources.

There will be a fundamental change in the nature of your investment if the consolidation is consummated.

The consolidation involves a fundamental change in the nature of your investment. As a result, you may be subject to increased risks, including:

- Your investment currently consists of a participation interest in an entity, taxed as a partnership for U.S. federal income tax purposes, which owns an interest in a single office building property in Manhattan. After the consolidation, you will hold operating partnership units, unless you elect to receive Class A common stock, or, to a limited extent, as described herein, Class B common stock in lieu of operating partnership units issuable to you. The operating partnership units will be redeemable at your option for cash or, at the company s election, shares of Class A common stock. The operating partnership is a subsidiary of the company. The company intends to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013, and, through the operating partnership, is expected to own as many as 18 properties that include office and retail properties in Manhattan and the greater New York metropolitan area, and expects to make additional investments;
- If your subject LLC sold its property interests it would liquidate and distribute the net proceeds to its participants. The company intends to reinvest the net proceeds from any future property sales. The company may raise additional funds through equity or debt financings to make future acquisitions of properties and such future issuances of debt or equity securities or the company s other borrowings may reduce the market price of the operating partnership units or the company s shares of Class A common stock and dilute your ownership in the company;
- The company will own types of properties different from those in which your subject LLC is invested;

The risks inherent in investing in an operating company such as the company include the risk that the company may invest in new properties that are not as profitable as anticipated;

It is possible that properties acquired in the consolidation will not be as profitable as anticipated and

Your investment will change from one in which you generally are entitled to receive distributions from rents received from the lessees of the property owned by your subject LLC and any net proceeds of a sale or refinancing of your subject LLC s interest in a property to an investment in an entity in which you may realize the value of your investment only through the distributions of rents from the company and the sale of your common stock.

Table of Contents

After the consolidation, you will hold operating partnership units, unless you elect to receive Class A common stock, or, to a limited extent, as described herein, Class B common stock in lieu of operating partnership units issuable to you. Beginning 12 months after the completion of the IPO, the operating partnership units will be exchangeable at your option for cash or, at the company s election, shares of Class A common stock. The operating partnership will be a majority owned subsidiary of the company. You will be subject to the risks inherent in investing in an operating partnership which is a majority owned subsidiary of the company, including the risk that the company may invest in new properties that are not as profitable as anticipated.

Holders of operating partnership units of the operating partnership will have limited rights.

Participants issued operating partnership units in the consolidation will hold units of limited partnership interest in a subsidiary of the company and will not be entitled to exercise voting rights in the company or other rights of a stockholder in the company. In addition, holders of operating partnership units will have no right to vote for members of the company s board of directors unless such holder elects, to the limited extent described herein, to receive Class B common stock or until such holder s operating partnership units are exchanged for shares of Class A common stock. Therefore, to the extent a participant receives operating partnership units, such holder s rights will be more limited than if such participant receives Class A common stock.

Holders of operating partnership units that acquire shares of Class B common stock will have a significant vote in matters submitted to a vote of stockholders.

The participants in the subject LLCs have an option to elect to receive one share of Class B common stock instead of one operating partnership unit for every 50 operating partnership units such participant would otherwise receive in the consolidation (*i.e.*, they will receive one share of Class B common stock and 49 operating partnership units). Accredited investors in the private entities and the management companies had the same option at the time they made their election of consideration in the private solicitation. Each outstanding share of Class B common stock entitles the holder to 50 votes on all matters on which the stockholders of Class A common stock are entitled to vote. Holders of Class B common stock will be entitled to share equally, on a per share basis, in all distributions payable with respect to shares of the Class A common stock. Holders of Class B common stock may have interests that differ from those holders of Class A common stock, including by reason of their interest in the operating partnership, and may accordingly vote as a stockholder in ways that may not be consistent with the interests of holders of Class A common stock. This significant voting influence over certain matters may have the effect of delaying, preventing or deterring a change of control of the company, or could deprive holders of Class A common stock of an opportunity to receive a premium for their Class A common stock as part of a sale of the company.

After the consolidation, participants will have exposure to the market and economic conditions of other properties.

As a result of the consolidation, the participants will own interests in a much larger, broader range of properties than any of the subject LLCs individually. A material adverse change affecting the company s property will affect all the stockholders whether or not a particular stockholder previously was a participant in an entity owning an interest in such affected property. Each subject LLC owns a discrete property asset, and the consolidation will diversify the types of the properties in which the participants, as stockholders of the company, will have interests and result in ownership of interests in an entity owning properties located outside of Manhattan. As a result, the properties owned by the company may be affected differently by economic and market conditions than the property owned by an individual subject LLC.

Table of Contents

Actual distribution levels to stockholders will depend upon actual results of operations, economic conditions and other factors that could differ materially from current expectations and could be lower than the amount estimated and your current distributions.

The company cannot assure you that the estimated distribution yields will be made or sustained. Any distributions the company pays in the future will depend upon actual results of operations, economic conditions and factors that could differ materially from current expectations and will be determined in the sole discretion of the company s board of directors. Actual results of operations will be affected by a number of factors, including the revenue the company receives from the existing and acquired properties, operating expenses, interest expense, occupancy levels, the ability of tenants to meet their obligations and unanticipated expenditures. As a result, cash distributions to the stockholders after the consolidation may be less than the anticipated cash distributions and the cash distributions currently received by the participants.

There are conflicts of interest inherent in the structure of the consolidation, and the supervisor and the Malkin Holdings group will receive substantial benefits if it is consummated.

The supervisor, the agents and their affiliates serve as supervisor, agents for groups of participants or in a similar capacity with respect to each subject LLC and each private entity, and, as such, have conflicts of interest structuring the consolidation. The supervisor and the Malkin Holdings group structured and negotiated the consolidation and will receive benefits that may exceed the benefits that they would derive from ownership of their interests in the subject LLCs, the private entities and the management companies if the consolidation were not consummated. The Malkin Holdings group will receive an estimated aggregate of 73,078,153 operating partnership units, shares of Class A common stock and shares of Class B common stock, having an aggregate value based on the exchange value of $730,781,533, which they will receive in accordance with the allocation of exchange value based on the Appraisal. The amounts allocated to the Malkin Holdings group are based on the hypothetical $10 per share exchange value that the supervisor arbitrarily assigned for illustrative purposes, and consists of: their interests as participants which will be allocated to them on the same basis as other participants; their interests as holders of override interests which will be allocated to them in accordance with the subject LLCs and private entities organizational documents; and their interests in the management companies, which will be allocated to them in accordance with the valuations of the management companies by the independent valuer. This is in addition to shares of Class A common stock issuable in respect of the voluntary pro rata reimbursement program consented to by participants in the subject LLCs and its share of distributions of any cash available for distribution from the subject LLCs prior to the consolidation.

The Malkin Holdings group may hold a greater interest, including overrides, in other subject LLCs and the other private entities than in your subject LLC. While the Malkin Holdings group holds a greater interest, including overrides, in Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. than in their operating lessees, the Malkin Holdings group s interest, including overrides, in Fisk Building Associates L.L.C., the operating lessee of 250 West 57th St. Associates L.L.C., is greater than its interest, including overrides, in 250 West 57th St. Associates L.L.C.

The Malkin Holdings group has a conflict of interest in connection with the structure of the consideration and the allocation of consideration because it could affect the benefit to the Malkin Holdings group. The Malkin Holdings group will also realize a benefit from the allocation of consideration to the management companies, which has an exchange value of $16,302,000, and from the company s compensation arrangements. In addition, officers and members of the supervisor will be executive officers and a director of the company and will benefit from the terms of their compensation arrangements with the company. The distribution and compensation to the Malkin Holdings group will change as a result of the consolidation. For a comparison of the distributions and compensation that the Malkin Holdings group would have received from the subject LLCs as compared to the distributions and compensation it will receive after the consolidation, see Comparison of Ownership of Participation Interests, Operating Partnership Units and Shares of Common Stock Compensation and Fees and the section entitled Distributions and Compensation Paid to the Supervisor and its Affiliates Compensation, Reimbursement and Distributions to the Supervisor and its Affiliates in the supplement for your subject LLC.

Pursuant to an indemnification agreement, the principals of the supervisor also will be entitled to indemnification for claims relating to the consolidation, including a claim by participants in the subject LLCs. As a result, the supervisor of your subject LLC has a conflict of interest in connection with the consolidation, which could affect the structuring of the consolidation.

From inception, the supervisor has represented many different ownership interests, and the subject LLCs and the private entities, therefore, have been exposed to conflicts of interest. For example, the supervisor and persons associated with the supervisor, act as an external manager for all of the entities (including the subject LLCs and the operating lessees), serve as agents for the participants in the subject LLCs and certain of the private entities, determine when to make recommendations on sales, financings and operations of the properties, and make or recommend all operating and leasing decisions in all operating entities and all decisions of the subject LLCs. Decisions made by the supervisor in its capacity as supervisor of the operating lessees with regard to property operations dictate the cash available for distribution to the subject LLCs, which are also supervised by the supervisor. For a detailed description of the conflicts of interests, see Conflicts of Interest.

The company may acquire properties or portfolios of properties through tax-deferred contribution transactions, which could result in stockholder dilution and limit the company s ability to sell such assets.

In the future the company may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in the operating partnership, which may result in stockholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation the company could deduct over the tax life of the acquired properties, and may require that the company agree to protect the contributors ability to defer recognition of taxable gain through restrictions on the company s ability to dispose of the acquired properties and the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit the company s ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions.

The company may pursue less vigorous enforcement of terms of the contribution agreements because of conflicts of interest with certain principals and officers of the supervisor who will be officers of the company, which could have a material adverse effect on the company s business.

Principals and officers of the supervisor have ownership interests in the subject LLCs and the private entities that the company will acquire in the consolidation upon completion of the IPO. As part of the consolidation, Anthony E. Malkin, Scott D. Malkin and Cynthia M. Blumenthal made limited representations and warranties to the company regarding the entities, properties and assets to be acquired by the company in the consolidation transaction and agreed to indemnify the company and the operating partnership for 12 months after the closing of the IPO for breaches of such representations and warranties subject to a deductible of $1 million and a cap of $25 million. Such indemnification is limited, however, and the company is not entitled to any other indemnification in connection with the consolidation. In addition, the company expects that Anthony E. Malkin will enter into an employment agreement with the company pursuant to which he will agree, among other things, not to engage in certain business activities in competition with the company (both during, and for a period of time following, his employment with the company). The company may choose not to enforce, or to enforce less vigorously, its rights under these agreements due to the company s ongoing relationship with its predecessor principals and its executive officers, and this could have a material adverse effect on the company s business.

If a participant consents to the voluntary pro rata reimbursement program for expenses of the legal proceedings with the former property manager and leasing agent, the supervisor will be reimbursed for costs previously advanced.

You are being asked to consent to the voluntary pro rata reimbursement program under which your share of distributions will be reduced by your pro rata share of the costs advanced by the supervisor and Peter L. Malkin for the former property manager and leasing agent legal proceedings. See the section entitled Voluntary Pro

Rata Reimbursement Program For Expenses of Legal Proceeding with Former Property Manager and Leasing Agent. If you consent to the voluntary pro rata reimbursement program, the supervisor and Peter L. Malkin will be reimbursed for your pro rata share of costs previously incurred out of your share of the excess cash of your subject LLC that is being distributed to participants, and, to the extent that is insufficient, the consideration that you would receive in the consolidation or the consideration that you would receive in a third-party portfolio transaction, as applicable, will be reduced by the balance (valued, if the consolidation is consummated, at the IPO price) and such balance would be paid to the supervisor and Peter L. Malkin in shares of Class A common stock, if the consolidation is consummated, or out of distributions that you would receive from the proceeds of a third-party portfolio transaction, if consummated, or out of distributions from operations of the subject LLC. Your failure to consent to this proposal will not affect whether or not the subject LLC participates in the consolidation or a third-party portfolio transaction.

The independent valuer s Appraisal and fairness opinion relied on information that the supervisor provided and analysis performed by the independent valuer.

The independent valuer s Appraisal of the subject LLCs, the private entities and the management companies and its opinion as to the fairness from a financial point of view of the allocation of consideration relied on information the supervisor provided and analysis performed by the independent valuer. The information the supervisor provided to the independent valuer included in-place and certain other lease rates and other financial and descriptive information about the properties. The supervisor has a conflict of interest in connection with the information it provided because it affects the number of shares of common stock and operating partnership units issued to it and the Malkin Holdings group.

There are limitations on the independent valuer s fairness opinion and Appraisal that could affect the reliance on the fairness opinion and Appraisal rendered by the independent valuer.

The independent valuer s fairness opinion and Appraisal are subject to limitations which could affect participants reliance on the fairness opinion and Appraisal, including:

- The supervisor engaged the independent valuer to render both the fairness opinion and the Appraisal, so participants do not have the potential benefit of a separate review of the independent valuer s Appraisal by a fairness opinion provider;

- The independent valuer s fairness opinion addresses solely the allocation of consideration (Class A common stock, Class B common stock, operating partnership units or cash) (i) among each subject LLC, each private entity and the management companies and (ii) to the participants in each subject LLC and each private entity (without giving effect to any impact of the consolidation on any particular participant other than in its capacity as a participant in each of the subject LLCs and each of the private entities). The fairness opinion does not address any other term of the consolidation, the market value of the shares of common stock and operating partnership units, or alternatives to the consolidation. The fairness opinion assumes that all entities are included in the consolidation and has not addressed the fairness of other possible combinations where one or more of such entities is not included. Accordingly, the fairness opinion does not address other matters which are significant to the participants evaluation of the consolidation and

- Since the independent valuer will not further update the Appraisal or fairness opinion, changes may occur from the date of the Appraisal or fairness opinion that might affect the conclusions expressed in them. Some of the changes could be material.

Table of Contents

The method of calculation of the value of your participation interests in the subject LLC (and consequently, the consideration payable to you in the consolidation) will lock in the relative value of all of the subject LLCs, the private entities and the management companies, which will limit your ability to benefit from relative changes in value of the property in which you currently hold direct or indirect participation interests and will cause you to bear a portion of the burden of changes in the value of the properties in which you do not currently hold direct or indirect participation interests. In addition, the participants consents to the consolidation will not be affected by any change in value.

If the consolidation is approved, the contribution agreements require that the consolidation be consummated by December 31, 2014. There could be significant changes in the value of the company between the date that the consents are received and the date of consummation of the consolidation. The contribution agreements use a formula to ascribe value to the subject LLCs, the private entities, and the management companies. This formula is based, in part, on the relative exchange values of the subject LLCs, the private entities, and the management companies determined as of June 30, 2012 and effectively locks in the relative values of the subject LLCs, the private entities, and the management companies as of such date. Other than subsequent variations in relative valuation due to certain extraordinary receipts of or payments made by the subject LLCs, the private entities, and the management companies prior to the closing of the IPO (which are taken into account under the contribution agreements) and certain balance sheet adjustments, these locked-in relative valuations will not change prior to the closing of the consolidation. Therefore, you will not capture all of the benefit from pre-IPO increases in the value of the property relative to the rest of the properties as such increases will be shared pro rata by you and all other holders of participation interests in the subject LLCs, the private entities, and the management companies. Similarly, if the value of other properties declines in value relative to the property in which you currently hold an interest, you will bear a pro rata portion of this decline in value along with all other holders of participation interests in all of the properties. In addition, the participants consents to the consolidation will not be affected by any change in value, including any change in the relative value of a subject LLC as compared to the value of other subject LLCs, private entities or the management companies. The consolidation may be consummated regardless of how significant such changes are and may be consummated notwithstanding such changes.

There have been no arm s-length negotiations.

The supervisor established the terms of the consolidation, including the exchange value, without any arm s-length negotiations. Accordingly, the exchange value may not reflect the value that you could realize upon a sale of your participation interest or a liquidation of your subject LLC s assets.

The terms of the consolidation may have been more favorable to you and the other participants if an independent representative had been retained on behalf of you and the other participants in structuring and negotiating the consolidation.

The subject LLCs have not retained any outside representative to act on behalf of the participants in structuring and negotiating the terms and conditions of the consolidation. No group of participants was empowered to negotiate the terms and conditions of the consolidation or to determine what procedures should be in place to safeguard the rights and interests of the participants. In addition, no investment banker, attorney, financial consultant or expert was engaged to represent the interests of the participants. The company and the supervisor of your subject LLC were the parties responsible for structuring all the terms and conditions of the consolidation. The company and the supervisor engaged legal counsel to assist with the preparation of the documentation for the consolidation, including this prospectus/consent solicitation. This legal counsel did not serve, or purport to serve, as legal counsel for the subject LLCs or the participants. While the subject LLCs exchange values have been determined based on the Appraisal by the independent valuer, which has also delivered a fairness opinion as described above, no independent representative was retained to negotiate on behalf of the participants. There are 23 subject LLCs and private entities and groups with different interests in many of these entities. The supervisor does not believe that a single independent representative could have represented the interests of all participants and believes that to locate and retain an independent and equally

Table of Contents

competent and qualified representative for each separate interest in the consolidation is not possible. The supervisor represents the interests of all participants in the subject LLCs and private entities. The supervisor has served the same role in the past for sales of other properties with different groups of participants and believes it is not required to retain any independent representative on behalf of each group of participants or all of the participants as a whole. The supervisor believes the Appraisal prepared by the independent valuer serves the purposes of representing all parties fairly and that the consolidation is fair to all participants regardless of the absence of any such independent representative. If a representative or representatives had been retained for the participants, the terms of the consolidation might have been different and, possibly, more favorable to the participants.

The IPO may not be consummated if one or more LLCs do not obtain the requisite consent for the consolidation from its participants.

The closing of the consolidation is conditioned on the approval of Empire State Building Associates L.L.C., but is not conditioned on the approval of any other subject LLC. The other subject LLCs represent a material portion of the exchange value and anticipated cash flow and net income of the company (assuming that all private entities and subject LLCs participate in the consolidation). As a result, if one or more of the subject LLCs do not approve the consolidation, it could adversely affect the ability of the company to complete the IPO.

Participants who do not approve the consolidation, including participants that do not timely submit their consent forms, after notice that the required percentage of participants in their participating group have so approved, may have their participation interests purchased at a lower price.

The organizational documents provide that if holders of 80% of the participation interests in any of the three participating groups in Empire State Building Associates L.L.C. or holders of 90% of the participation interests in any of the seven participating groups in 60 East 42nd St. Associates L.L.C. approve an action, the agents may purchase on behalf of the subject LLC the participation interests of participants who do not approve such action, and that price would be substantially below the exchange value of the interests. If the required supermajority consent of the participation interests in a participating group in a subject LLC approves the consolidation, the agent of any such participating group will purchase on behalf of the subject LLC the participation interest of any participant in such participating group that voted **AGAINST** the consolidation, **ABSTAINED**, or did not properly or timely submit a consent form. The buyout amount for a participant s interest would be substantially lower than the exchange value. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C., as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively. Prior to an agent purchasing the participation interests of non-consenting participants, an agent will give such participants not less than ten days notice after the required supermajority consent is received by the applicable participating group in such subject LLC to permit them to consent to the consolidation, in which case their participation interests will not be purchased. Unanimity on the consents is required pursuant to the organizational documents of Empire State Building Associates L.L.C. and 60 East 42nd St. Associates L.L.C. with respect to both the consolidation and the third-party portfolio proposal for the consent of a participating group; therefore, a participant in either of such subject LLCs who does not vote in favor of either the consolidation or third-party portfolio transaction proposal (and does not change his or her vote after notice that the requisite supermajority consent has been obtained) will be subject to this buyout regardless of whether either or neither transaction is consummated or the required consent of other participating groups is received. A vote for the proposed transaction by the participants constitutes an authorization for the agents of each participating group to approve, in their capacity as members of the applicable subject LLC, the consolidation or the third-party portfolio transaction, as applicable. The agents, under the operating agreements of the subject LLCs, have discretion, subject to their fiduciary duties, to determine whether to approve the transaction, even after supermajority approval has been obtained for either or both transactions and dissenting participants have been bought out. Additionally, the supervisor, acting on behalf of the subject LLCs and the agents, similarly has discretion, subject to its fiduciary duties, as to whether to abandon or to postpone the transaction, even after supermajority approval has been obtained for either or both transactions and dissenting participants have been bought out. The agents and supervisor could determine not to proceed with the consolidation and the IPO due to market conditions or other reasons.

If the participants in a subject LLC approve the consolidation and the subject LLC is consolidated with the company, the subject LLC no longer can enter into alternatives to the consolidation.

The alternatives to participation in the consolidation include continuation of a subject LLC and sale of such subject LLC s interest in the property and the distribution of the net proceeds to its participants. Continuation of the subject LLC in accordance with its existing business plan would not subject the subject LLC to the risks associated with the consolidation or changes in participants rights. Sale of the subject LLC s interest in a property would enable participants to receive the net proceeds from the sale of the subject LLC s interest in its property. If a subject LLC were consolidated with the company, participants no longer will be able to realize the potential benefits of alternatives to the consolidation.

Participants have no cash appraisal rights.

You do not have the right to elect to receive a cash payment equal to the value of your participation interest in your subject LLC if your subject LLC approves the consolidation and you voted **AGAINST** it. Additionally, you do not have the right to have the value of your participation interest determined in a separate proceeding and paid in cash.

At the time participants vote on the consolidation proposal, there will be uncertainties as to the size, makeup and leverage of the company after the consolidation which affects your ability to evaluate the consolidation.

There will be several uncertainties relating to the consolidation at the time that you and the other participants vote on the consolidation. Most importantly, you will not know which subject LLCs will approve the consolidation or which of the subject LLCs and the private entities will participate in the consolidation, either because conditions to closing are not satisfied or for other reasons, and thus, which properties the company will acquire. You also will not know the IPO price, the size of the IPO, the exact exchange value for each subject LLC, the enterprise value of the company prior to the IPO or the amount of leverage of the company or the operating partnership. The consolidation is conditioned on the contribution to the company of the property interests in the Empire State Building owned by Empire State Building Associates L.L.C., which owns the fee interest and the underlying land, and Empire State Building Company L.L.C., the private entity which is the operating lessee with respect to the Empire State Building, but is not conditioned on any other subject LLC or private entity contributing their property interests to the company in the consolidation. You also will not know the capital structure of the company. These factors will affect the post-consolidation size and scope of the company and the value of your operating partnership units and shares of common stock.

There is currently litigation pending, and the potential for additional litigation, associated with the consolidation. The company may incur costs from these litigations.

In March 2012, five putative class actions, or the Class Actions, were filed in New York State Supreme Court, New York County by participants in Empire State Building Associates L.L.C. and several other entities supervised by the supervisor (on March 1, 2012, March 7, 2012, March 12, 2012, March 14, 2012 and March 19, 2012). The plaintiffs assert claims against Malkin Holdings LLC, Malkin Properties, L.L.C., Malkin Properties of New York, L.L.C., Malkin Properties of Connecticut, Inc., Malkin Construction Corp., Anthony E. Malkin, Peter L. Malkin, the Helmsley estate, the operating partnership and the company for breach of fiduciary duty, unjust enrichment, and/or aiding and abetting breach of fiduciary duty. They allege, among other things, that the terms of the transaction and the process by which it was structured (including the valuation that was employed) are unfair to the participants, the consolidation provides excessive benefits to the Malkin Holdings group and the then-draft prospectus/consent solicitation filed with the SEC failed to make adequate disclosure to permit a fullyinformed decision about the proposed transaction. The complaints seek money damages and injunctive relief preventing the proposed transaction. The actions were consolidated and co-lead plaintiffs counsel were appointed by the New York State Supreme Court by order dated June 26, 2012.

The parties entered into a Stipulation of Settlement dated September 28, 2012, resolving the Class Actions. The defendants in the Stipulation of Settlement denied that they committed any violation of law or breached any of their duties and did not admit that they had any liability to the plaintiffs. Members of the putative class have the right to opt out of the monetary portion of the settlement, but not the portion providing for equitable relief. Although a Stipulation of Settlement has been entered into, there can be no assurance that the New York State Supreme Court will approve the settlement. In such event, the proposed settlement as contemplated by the Stipulation of Settlement may be terminated. Accordingly, no assurances can be given that the Class Actions will be settled or that the defendants will be successful in the outcome of any of these pending or future lawsuits, and as a result, the company may incur costs associated with defending or settling such litigation or paying any judgment if the company loses. In addition, the company may be required to pay damage awards or settlements. If the New York State Supreme Court does not approve the settlement, the company cannot reasonably assess the timing or outcome of this litigation, estimate the amount of loss, or assess its effect, if any, on its financial statements. The payment in settlement of the Class Actions will be made by the Helmsley estate and the Malkin Holdings group and certain participants in the private entities who agree to contribute. Neither the company nor the operating partnership will bear any of the settlement payment. For a description of the terms of the settlement, see The Company Business and Properties Legal Proceedings.

Additionally, there is a risk that other third parties will assert claims against the company or the supervisor, including, without limitation, that the supervisor breached its fiduciary duties to participants in the subject LLCs and the private entities or that the consolidation violates the relevant operating agreements, and third parties may commence litigation against the company or the supervisor. As a result, the company may incur costs associated with defending or settling such litigation or paying any judgment if it loses.

The company may assume unknown liabilities in connection with the consolidation, which, if significant, could materially and adversely affect the company s business.

As part of the consolidation, the company (through the operating partnership) will acquire the properties and assets of the subject LLCs, the private entities and the management companies subject to existing liabilities, some of which may be unknown at the time the IPO is consummated. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of tenants, vendors or other persons dealing with such entities prior to the IPO (whether or not asserted or threatened prior to the IPO), tax liabilities and accrued but unpaid liabilities incurred in the ordinary course of business. As part of the consolidation, Anthony E. Malkin, Scott D. Malkin and Cynthia Blumenthal made limited representations and warranties to the company regarding the subject LLCs, the private entities, the management companies, the properties and the assets to be acquired by the company in the consolidation and agreed to indemnify the company and the operating partnership for 12 months after the closing of the IPO for breaches of such representations subject to a deductible of $1 million and a cap of $25 million. Because many liabilities, including tax liabilities, may not be identified within such period, the company may have no recourse against Anthony E. Malkin, Scott D. Malkin or Cynthia Blumenthal for such liabilities. In addition, the company has agreed to indemnify members, managers, officers, directors, partners and agents of the supervisor for certain claims. Any unknown or unquantifiable liability that the company assumes in connection with the consolidation for which it has no or limited recourse could materially and adversely affect the company.

The departure of any of the company s key personnel could materially and adversely affect the company.

The company s success depends on the efforts of key personnel, particularly Anthony E. Malkin, the company s Chairman, Chief Executive Officer and President. Among the reasons Anthony E. Malkin is important to the company s success is that he has a national industry reputation that attracts business and

Table of Contents

investment opportunities and assists the company in negotiations with lenders, existing and potential tenants and industry personnel. He has led the acquisition, operating and repositioning of the company s assets for the last two decades. If the company lost his services, the company s external relationships and internal leadership resources would be materially diminished.

Other members of the company s senior management team also have strong industry reputations and experience, which aid the company in attracting, identifying and exploiting opportunities. The loss of the services of one or more members of the company s senior management team, particularly Anthony E. Malkin, could have a material and adverse impact on the company.

The company s Chairman, Chief Executive Officer and President has outside business interests that will take his time and attention away from the company, which could materially and adversely affect the company.

The company s Chairman, Chief Executive Officer and President will continue to own interests in the excluded properties, excluded businesses and option properties that are not being contributed to the company in the consolidation, some of which will be managed by the company and certain non-real estate family investments. In some cases, Anthony E. Malkin or his affiliates will have certain management and fiduciary obligations that may conflict with such person s responsibilities as an officer or director of the company and may adversely affect the company s operations. Anthony E. Malkin will devote a majority of his business time and attention to the company s business and, under his employment agreement, he may also devote time to the excluded properties, option properties, the excluded businesses and certain family investments to the extent that such activities do not materially interfere with the performance of his duties to the company.

The potential liability of the officers and directors of the company is limited.

As a stockholder, you will have different rights and remedies against the company, its officers and directors than you have against the supervisor and agents of your subject LLC. The company s charter provides that, to the maximum extent permitted by law, no officer or director is liable to the company or its stockholders for monetary damages. Generally, under the company s charter and bylaws, the company will indemnify its officers and directors against specified liabilities that may be incurred in connection with their service to the company. These provisions could limit the legal remedies against any officer or director of the company that are available to the company, to you and to other stockholders after the consolidation. The company s charter limits the liability of its present and former directors and officers to the company and its stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, the company s present and former directors and officers will not have any liability to the company or its stockholders for money damages other than liability resulting from (1) actual receipt of an improper benefit or profit in money, property or services or (2) active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action.

The company s charter and bylaws require the company to indemnify its present and former directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law, in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service to the company. As a result, the company and the stockholders may have limited rights against the company s present and former directors and officers, members, partners, employees and agents, which could limit your recourse in the event of actions not in your best interest.

After the consolidation, participants will have no control over major decisions.

Currently, a participant in a subject LLC generally has the right to vote on certain major transactions, such as a financing, sale, transfer or mortgage of the subject LLC s interest in its property or the making or modification of the net operating lease of such property. After the consolidation, decisions regarding most major transactions will be made by the company s management, subject to oversight by the company s board of directors. Such decisions may not fully reflect the interests of the stockholders. Holders of common stock and operating partnership units will have no opportunity to vote on financing, management or disposition decisions with respect to individual properties. Holders of common stock will have only the right to approve extraordinary transactions involving the company, such as a sale of all or substantially all of the company s assets. Holders of operating partnership units will not have any consent rights, except to the extent participants elect to receive Class B common stock, which vote together as a class with the Class A common stock, in lieu of a portion of the operating partnership units issuable to them, or receive Class A common stock or exercise their right to require the operating partnership to exchange all or a portion of their operating partnership units for a cash amount equal to the then-current market value of one share of Class A common stock per operating partnership unit, or, at the company s election, to exchange each such operating partnership unit for a share of Class A common stock on a one-for-one basis.

The board of directors of the company may change its strategies, policies or procedures without stockholder consent, which may subject the company to different and more significant risks in the future.

The company s investment, financing, leverage and distribution policies and the company s policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by its board of directors. These policies may be amended or revised at any time and from time to time at the discretion of the board of directors without notice to or a vote of the stockholders. This could result in the company s conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated in this prospectus/consent solicitation. Under these circumstances, the company may expose itself to different and more significant risks in the future, which could have a material adverse effect on its business and growth. In addition, the board of directors may change the company s policies with respect to conflicts of interest, provided that such changes are consistent with applicable legal requirements. A change in these policies could have an adverse effect on the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and ability to satisfy its principal and interest obligations and to make distributions to stockholders.

The concentration of the company s ownership may adversely affect the ability of new investors to influence the company s policies.

Upon consummation of the IPO and the Consolidation, Anthony E. Malkin, the Chairman, Chief Executive Officer and President, together with the Malkin Holdings group, will have the right to vote 72,918,219 shares of the company s common stock which will represent approximately 30.4% of the voting power of the company s outstanding common stock (assuming that each participant in the subject LLCs elects to receive Class A common stock, Class B common stock and operating partnership units in the same proportion as participants (other than the Malkin Holdings group and the Helmsley estate) in the private entities). Consequently, Mr. Malkin will have the ability to influence the outcome of matters presented to the company s stockholders, including the election of the company s board of directors and approval of significant corporate transactions, including business combinations, consolidations and mergers and the determination of the company s day-to-day corporate and management policies. Therefore, Mr. Malkin will have substantial influence over the company and could exercise influence in a manner that is not in the best interests of the company s other stockholders. This concentration of ownership might also have the effect of delaying or preventing a change of control that the company s stockholders may view as beneficial.

The operating partnership may issue additional operating partnership units without the consent of the stockholders, which could have a dilutive effect on the stockholders.

The operating partnership may issue additional operating partnership units to third parties without the consent of the stockholders, which would reduce the company s ownership percentage in the operating partnership and would have a dilutive effect on the amount of distributions made to the company by the operating partnership and, therefore, the amount of distributions the company can make to its stockholders and holders of operating partnership units. Any such issuances, or the perception of such issuances, could materially and adversely affect the market price of the operating partnership units and Class A common stock.

Table of Contents

The company s operating performance and value are subject to risks associated with real estate assets and the real estate industry, the occurrence of which could materially and adversely affect the company.

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond the company s control. Certain events may decrease cash available for distributions, as well as the value of the company s properties. These events include, but are not limited to:

- adverse changes in international, national, regional or local economic and demographic conditions;
- vacancies or the company s inability to rent space on favorable terms, including possible market pressures to offer tenants rent abatements, tenant improvements, early termination rights or below-market renewal options;
- adverse changes in market rental rates, particularly as the company s buildings age, and the company s ability to fund repair and maintenance costs;
- adverse changes in financial conditions of buyers, sellers and tenants of properties;
- the company s inability to collect rent and expense reimbursements from tenants;
- competition from other real estate investors with significant capital, including other real estate operating companies, publicly traded REITs and institutional investment funds;
- the introduction of a competitor s property in or in close proximity to one of the company s current submarkets in the greater New York metropolitan area;
- reductions in the level of demand for office or retail space, and changes in the relative popularity of properties; increases in the supply of office or retail space;
- increases in the supply of office or retail space;
- opposition from local community or political groups with respect to the construction or operations at a property;
- the company s inability to provide effective and efficient management and maintenance at the company s properties;
- the company s inability to provide effective management to the excluded properties for which it will be designated as the exclusive manager upon consummation of the consolidation;
- the investigation, removal or remediation of hazardous materials or toxic substances at a property;

fluctuations in interest rates, which could adversely affect the company s ability, or the ability of buyers and tenants of properties, to obtain financing on favorable terms or at all;

increases in expenses, including, without limitation, insurance costs, labor costs, energy prices, real estate assessments and other taxes and costs of compliance with laws, regulations and governmental policies, which the company may be restricted in passing on to its tenants;

civil disturbances, hurricanes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses and

changes in, and changes in enforcement of, laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws, governmental fiscal policies and the ADA.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults among the company s existing leases. If the company cannot operate its properties to meet its financial expectations, the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to its stockholders and holders of operating partnership units could be adversely affected. There can be no assurance that the company can achieve its return objectives.

Conflicts of interest exist or could arise in the future between the interests of the company s stockholders and the interests of holders of operating partnership units, which may impede business decisions that could benefit the company s stockholders.

Conflicts of interest exist or could arise in the future as a result of the relationships between the company and its affiliates, on the one hand, and the operating partnership or any partner thereof, on the other. The company s directors and officers have duties to the company under applicable Maryland law in connection with their management of the company. At the same time, the company, as the general partner in the operating partnership, has fiduciary duties and obligations to the operating partnership and its limited partners under Delaware law and the partnership agreement of the operating partnership in connection with the management of the operating partnership. The company s fiduciary duties and obligations as general partner to the operating partnership and its partners may come into conflict with the duties of the company s directors and officers to the company.

Additionally, the partnership agreement provides that the company and its directors and officers will not be liable or accountable to the operating partnership for losses sustained, liabilities incurred or benefits not derived if the company, or such director or officer acted in good faith. The partnership agreement also provides that the company will not be liable to the operating partnership or any partner for monetary damages for losses sustained, liabilities incurred or benefits not derived by the operating partnership or any limited partner, except for liability for the company s intentional harm or gross negligence. Moreover, the partnership agreement provides that the operating partnership is required to indemnify its directors and officers, the company and the company s directors and officers and authorizes the operating partnership to indemnify present and former members, managers, shareholders, directors, limited partners, general partners, officers or controlling persons of the supervisor and authorizes the company to indemnify members, partners, employees and agents of the company or the supervisor, in each case for actions taken by them in those capacities from and against any and all claims that relate to the operations of the operating partnership, except (1) if the act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (2) for any transaction for which the indemnified p the supervisor party received an improper personal benefit, in money, property or services or otherwise, in violation or breach of any provision of the partnership agreement or (3) in the case of a criminal proceeding, if the indemnified person had reasonable cause to believe that the act or omission was unlawful. No reported decision of a Delaware appellate court has interpreted provisions similar to the provisions of the partnership agreement of the operating partnership that modify and reduce the company s fiduciary duties or obligations as the general partner or reduce or eliminate the company s liability for money damages to the operating partnership and its partners, and the company has not obtained an opinion of counsel as to the enforceability of the provisions set forth in the partnership agreement that purport to modify or reduce the fiduciary duties that would be in effect were it not for the partnership agreement.

Under his employment agreement, Anthony E. Malkin will have certain rights to terminate his employment and receive severance in connection with a change of control of the company, which may adversely affect the company.

In connection with the IPO, the company intends to enter into an employment agreement with Anthony E. Malkin. Although this agreement has not yet been negotiated, the company expects it will provide for termination payments in connection with a change of control if Mr. Malkin is terminated by the company without cause or leaves with good reason within a specified period of time either before or following a change of control (as defined in the equity incentive plan). Furthermore, these provisions could delay or prevent a transaction or a change in control that might involve a premium paid for shares of the company s common stock or otherwise be in the best interests of the company s stockholders.

Table of Contents

The company could increase or decrease the number of authorized shares of stock, classify and reclassify unissued stock and issue stock without stockholder approval, which could prevent a change in the company s control and negatively affect the market value of the shares.

The company s board of directors, without stockholder approval, has the power under the company s charter to amend the company s charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the company is authorized to issue, to authorize the company to issue authorized but unissued shares of the company s common stock or preferred stock and to classify or reclassify any unissued shares of common stock or preferred stock into one or more classes or series of stock and set the terms of such newly classified or reclassified shares. See Description of Capital Stock Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock and Power to Reclassify the Company s Unissued Shares of Stock. As a result, the company may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of common stock. Any such issuance could dilute the company s existing stockholders interests. Although the company s board of directors has no such intention at the present time, it could establish a class or series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for the common stock or that the stockholders otherwise believe to be in their best interest.

Certain provisions of Maryland law could inhibit changes in control of the company, which could negatively affect the market price of the Class A common stock.

Certain provisions of the Maryland General Corporation Law, or the MGCL, may have the effect of deterring a third party from making a proposal to acquire the company or of impeding a change in control under circumstances that otherwise could provide stockholders with the opportunity to realize a premium over the then-prevailing market price of the Class A common stock. Among other things, the company is subject to the business combination, control share acquisition and unsolicited takeover provisions of the MGCL. These provisions may have the effect of inhibiting a third party from making an acquisition proposal for the company or of delaying, deferring or preventing a change in control of the company under the circumstances that otherwise could provide stockholders with the opportunity to realize a premium over the then-current market price. Pursuant to the statute, the company s board of directors has by resolution exempted business combinations between the company and any other person, provided that such business combination is first approved by the company s board of directors (including a majority of the directors who are not affiliates or associates of such person). The company s bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of the company s stock. There can be no assurance that these exemptions or provisions will not be amended or eliminated at any time in the future. The charter contains a provision whereby the company has elected to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on the company s board of directors.

Certain provisions in the partnership agreement of the operating partnership may delay or prevent unsolicited acquisitions of the company.

Provisions in the partnership agreement of the operating partnership may delay or make more difficult unsolicited acquisitions of the company or changes of control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of the company or change of control, although some stockholders might consider such proposals, if made, desirable. These provisions include, among others:

- redemption rights of qualifying parties;
- transfer restrictions on operating partnership units;
- the company s ability, as general partner, in some cases, to amend the partnership agreement and to cause the operating partnership to issue units with terms that could delay, defer or prevent a merger or other change of control of the company or the operating partnership without the consent of the limited partners and

Table of Contents

the right of the limited partners to consent to transfers of the general partnership interest and mergers or other transactions involving the company under specified circumstances.

The charter, bylaws, the partnership agreement of the operating partnership and Maryland law also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for the common stock or that the stockholders otherwise believe to be in their best interest.

The company has no operating history as a REIT or as a publicly-traded company, and the company s inexperience could materially and adversely affect the company.

The company has no operating history as a REIT or as a publicly-traded company. The company s board of directors and senior management team will have overall responsibility for the company s management and, while certain members of the company s senior management team and directors have extensive experience in real estate marketing, development, management, finance and law, none of the company s directors or members of the company s senior management team have prior experience in operating a business in accordance with the requirements under the Code applicable to REITs or in operating a public company. As a publicly-traded REIT, the company will be required to develop and implement substantial control systems, policies and procedures in order to maintain the company s REIT qualification and satisfy the company s periodic SEC reporting and listing requirements of the New York Stock Exchange, or NYSE. The company cannot assure you that management s past experience will be sufficient to successfully develop and implement these systems, policies and procedures and to operate the company. Failure to do so could jeopardize the company s status as a REIT or as a public company, and the loss of such status would materially and adversely affect the company.

The charter contains stock ownership limits, which may delay or prevent a change or control.

In order for the company to qualify as a REIT for each taxable year commencing with the company s taxable year ending December 31, 2013, no more than 50% in value of the company s outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year, and at least 100 persons must beneficially own the stock during at least 335 days of a taxable year of 12 months, or during a proportionate portion of a shorter taxable year. Individuals for this purpose include natural persons, private foundations, some employee benefit plans and trusts and some charitable trusts. To assist the company in complying with these limitations, among other purposes, the company s charter generally prohibits any person from directly or indirectly owning more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of the capital stock or more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of the common stock. The ownership limitations could have the effect of discouraging a takeover or other transaction in which stockholders might receive a premium for their shares over the then prevailing market price or which holders might believe to be otherwise in their best interests. For further details regarding stock ownership limits, see Description of Capital Stock Restrictions on Ownership and Transfer.

The company s charter s constructive ownership rules are complex and may cause the outstanding shares owned by a group of related individuals or entities to be deemed to be constructively owned by one individual or entity. As a result, the acquisition of less than these percentages of the outstanding shares by an individual or entity could cause that individual or entity to own constructively in excess of these percentages of the outstanding shares and thus violate the share ownership limits. The company s charter also provides that any attempt to own or transfer shares of common stock or preferred stock (if and when issued) in excess of the stock ownership limits without the consent of the board of directors or in a manner that would cause the company to be closely held under Section 856(h) of the Code (without regard to whether the shares are held during the last half of a taxable year) will result in the shares being deemed to be transferred to a trustee for a charitable trust or, if the transfer to the charitable trust is not automatically effective to prevent a violation of the share ownership limits or the restrictions on ownership and transfer of the company s shares, any such transfer of the company s shares will be void.

Table of Contents

The company board of directors will approve very broad investment guidelines for the company and will not review or approve each investment decision made by the company s senior management team.

The company s senior management team will be authorized to follow broad investment guidelines and, therefore, has great latitude in determining the types of assets that are proper investments for the company, as well as the individual investment decisions. The company s senior management team may make investments with lower rates of return than those anticipated under current market conditions and/or may make investments with greater risks to achieve those anticipated returns. The company s board of directors will not review or approve each proposed investment by the company s senior management team.

If the company fails to establish and maintain an effective system of integrated internal controls, the company may not be able to report the company s financial results accurately, which could have a material adverse effect on the company.

In the past, the company has reported the company s results to participants in the subject LLCs and the private entities on a property-by-property basis, and the company has not separately reported audited results for the supervisor. In addition, the company was not required to report the company s results on a consolidated basis under GAAP basis. In connection with the company s operation as a public company, the company will be required to report the company s operations on a consolidated basis under GAAP and, in some cases, on a property-by-property basis. The company is in the process of implementing an internal audit function and modifying the company-wide systems and procedures in a number of areas to enable the company to report on a consolidated basis under GAAP as the company continues the process of integrating the financial reporting of the supervisor. Section 404 of the Sarbanes-Oxley Act of 2002 will require the company to evaluate and report on the company s internal control over financial reporting and have the company s independent auditors issue their own opinion on the company s internal control over financial reporting. If the company fails to implement proper overall business controls, including as required to integrate the systems and procedures of the supervisor and support the company s growth, the company s results of operations could be harmed or the company could fail to meet the company s reporting obligations. In addition, the existence of a material weakness or significant deficiency could result in errors in the company s financial statements that could require a restatement, cause the company to fail to meet the company s public company reporting obligations and cause investors to lose confidence in the company s reported financial information, which could have a material adverse effect on the company.

There will be no public market for the operating partnership units or common stock prior to the IPO and an active trading market may not develop or be sustained following the IPO, which may negatively affect the market price of the operating partnership units issued to participants in the subject LLCs and shares of the Class A common stock and make it difficult for investors to sell their operating partnership units and shares.

Prior to the IPO, there will be no public market for the operating partnership units and common stock, and there can be no assurance that an active trading market will develop or be sustained or that operating partnership units or shares of the Class A common stock will be resold at or above the IPO price. The IPO price of shares of the Class A common stock will be determined by agreement among the company and the underwriters, but there can be no assurance that the operating partnership units or Class A common stock will not trade below the IPO price following the completion of the IPO. The market value of the operating partnership units and Class A common stock could be substantially affected by general market conditions, including the extent to which a secondary market develops for the operating partnership units and Class A common stock following the completion of the IPO, the extent of institutional investor interest in the company, the general reputation of REITs and the attractiveness of their equity securities in comparison to other equity securities (including securities issued by other real estate-based companies), the company s financial performance and general stock and bond market conditions.

The stock markets, including the NYSE on which the company expects the operating partnership units issued to participants in the subject LLCs and shares of the Class A common stock to be listed, have from time to time experienced significant price and volume fluctuations. As a result, the market price of the operating partnership units and shares of the Class A common stock may be similarly volatile, and investors in the operating partnership units and shares of the Class A common stock may from time to time experience a decrease in the value of their operating partnership units or shares, including decreases unrelated to the company s operating performance or prospects. The price of the operating partnership units or shares of the Class A common stock could be subject to wide fluctuations in response to a number of factors, including those listed in this Risk Factors section of this prospectus/consent solicitation and others such as those listed above under *The value of the operating partnership units and/or common stock that you receive and trading price of the operating partnership units and Class A common stock following completion of the IPO is uncertain. The value of the operating partnership units and Class A common stock and the trading price could be lower than anticipated and, based on current market conditions, the supervisor believes that the value may be less than the exchange value.* No assurance can be given that the market price of the operating partnership units or shares of the Class A common stock will not fluctuate or decline significantly in the future or that a holder of operating partnership units or shares of the Class A common stock will be able to sell their operating partnership units or shares, as applicable, when desired on favorable terms, or at all. From time to time in the past, securities class action litigation has been instituted against companies following periods of extreme volatility in their stock price. This type of litigation could result in substantial costs and divert the company s management s attention and resources.

The trading market for the operating partnership units issued to participants in the subject LLCs may be more limited than the trading market for shares of Class A common stock, and the operating partnership units will not be exchangeable for Class A common stock for 12 months after completion of the IPO, which in each case may adversely affect the liquidity and market price of the operating partnership units.

While the operating partnership units that participants may receive in accordance with their election are expected to be listed on the NYSE, operating partnership units will not be issued in the IPO. The trading market for the operating partnership units may be less active than the trading market for the Class A common stock, and an active trading market for the operating partnership units may not develop.

Holders of operating partnership units may not elect to exercise their redemption rights with respect to such operating partnership units until 12 months after the completion of the IPO. As a result, the company anticipates that the market price of the operating partnership units during the first 12 months after the IPO may be further adversely affected.

While holders of operating partnership units will be afforded certain registration rights with respect to any shares of Class A common stock issued in exchange for the operating partnership units, such holders will not be issued Class A common stock unless such a registration statement with respect to the issuance of Class A common stock in exchange for such operating partnership units has been filed with the SEC and is effective or an exemption from registration is available.

Furthermore, the operating partnership units to be issued to participants in the subject LLCs will be issued in three separate series to the participants in each of the three subject LLCs (other than the Wien group), each of which will be listed and traded separately. Because the operating partnership units are in separate series, there will be fewer holders of each series. While each of the series has the same rights, the tax consequences to a participant that receives, and a subsequent purchaser of, operating partnership units of a particular series will be different than those to a participant that receives, and a subsequent purchaser of, operating partnership units of another series (based on different and unique tax attributes of the properties being contributed by each of the subject LLCs). These factors may adversely affect the market for operating partnership units and may adversely affect the market price of the operating partnership units.

The operating partnership units issued in the consolidation to participants in the subject LLCs will be subject to a lock-up agreement, which could adversely affect the market price of the operating partnership units.

The operating partnership units that participants may receive in accordance with their election are expected to be listed on the NYSE, but generally will be subject to lock-up agreements pursuant to which the participants in the subject LLCs and private entities may not sell or otherwise transfer or encumber shares of common stock or operating partnership units (i) with respect to 50% of the operating partnership units owned by them at completion of the IPO, for a period of 180 days after the IPO pricing date and (ii) with respect to any remaining operating partnership units, for a period of one year after the IPO pricing date, in each case without first obtaining the written consent of the representatives of the underwriters in the IPO. See The Consolidation Lock Up Agreements below, except that each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share, which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing). The restrictions on sales and transfers contained in the lock up agreement could adversely affect the market price of the operating partnership units.

Initial estimated cash available for distribution may not be sufficient to make distributions at expected levels.

The company intends to make distributions to holders of shares of its common stock and holders of operating partnership units. The company intends to maintain the company s initial distribution rate for the 12-month period following completion of the IPO unless actual results of operations, economic conditions or other factors differ materially from the assumptions used in the company s estimate. All dividends and distributions will be made at the discretion of the company s board of directors and will depend on the company s earnings, financial condition, maintenance of REIT qualification and other factors as the company s board of directors may deem relevant from time to time. If sufficient cash is not available for distribution from the company s operations, the company may have to fund distributions from working capital or to borrow to provide funds for such distribution, or to reduce the amount of such distribution. However, the company currently has no intention to use the net proceeds from the IPO to make distributions. The company cannot yet estimate the amount of dividends and distributions that it will make or assure you that the company s estimated distributions will be made or sustained. Any distributions the company pays in the future will depend upon the company s actual results of operations, economic conditions and other factors that could differ materially from the company s current expectations.

The market price of the operating partnership units and shares of Class A common stock could be adversely affected by the company s level of cash distributions.

The market value of the equity securities of a REIT is based primarily upon the market s perception of the REIT s growth potential and its current and potential future cash distributions, whether from operations, sales or refinancings, and is secondarily based upon the real estate market value of the underlying assets. For that reason, the operating partnership units and Class A common stock may trade at prices that are higher or lower than the company s net asset value per share. To the extent the company retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of the company s underlying assets, may not correspondingly increase the market price of the operating partnership units and Class A common stock. The company s failure to meet the market s expectations with regard to future earnings and cash distributions likely would adversely affect the market price of the operating partnership units and Class A common stock.

Increases in market interest rates may result in a decrease in the value of the operating partnership units and Class A common stock.

One of the factors that will influence the price of the operating partnership units and the Class A common stock will be the dividend yield on the Class A common stock (as a percentage of the price of the Class A common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of shares of the Class A common stock to

Table of Contents

expect a higher dividend yield and higher interest rates would likely increase the company s borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of the operating partnership units and Class A common stock to go down.

The number of shares and operating partnership units available for future sale could adversely affect the market price of the operating partnership units and the company s Class A common stock.

The company cannot predict whether future issuances of operating partnership units or shares of the company s common stock or the availability of operating partnership units or shares for resale in the open market will decrease the market price of the operating partnership units or the company s Class A common stock. Upon completion of the consolidation, the Malkin Family will own 16.4% of the company s outstanding common stock on a fully diluted basis. Based on the assumptions set forth above the chart showing the organization of the company after the consolidation and the IPO, in the section entitled The Consolidation Pre- and Post-Consolidation Structure, the company expects the Helmsley estate will hold approximately 7.9% of the company s outstanding common stock on a fully-diluted basis upon the completion of the consolidation. Under the terms of the registration rights agreement, the participants in the consolidation, including the Helmsley estate, will receive rights to have shares of common stock held by them registered for resale under the Securities Act of 1933, as amended, or the Securities Act, and the Malkin Family and the Helmsley estate will have rights to demand underwritten offerings with respect to such resales. As a result, these participants (except the Malkin Family, whose members are subject to a longer restrictive period in which they cannot sell), pursuant to the terms of the lock-up agreements, will have the ability to sell up to 50% of both the operating partnership units and common stock received in the consolidation at any time after the 180th day following the IPO pricing date and the balance of the operating partnership units and common stock 12 months after the IPO pricing date. This includes Class A common stock issuable in exchange for operating partnership units, which are only issuable in exchange for operating partnership units beginning 12 months after the completion of the IPO, and Class B common stock. In addition, each participant in the subject LLCs that receives operating partnership units may, immediately following the consolidation and the IPO, sell up to 4.0% of the operating partnership units he or she receives with respect to each subject LLC (assuming all of the participants in each subject LLC elect to receive operating partnership units, the enterprise value equals the aggregate exchange value and the IPO price equals $10 per share), which treats all three subject LLCs equally after having determined for Empire State Building Associates L.L.C. the minimum amount required by the NYSE for it to meet the requirements as the primary listing. However, the Malkin Family and the company s directors and senior management team members may not sell any of the shares of common stock or securities convertible or exchangeable into Class A common stock (including operating partnership units) held by any of them until one year after the IPO pricing date. Although the Helmsley estate has advised the company that it currently expects to sell a significant portion of its Class A common stock as soon as market and other conditions permit following expiration of the lock-up period, any such sales will be solely within the discretion of the Helmsley estate and it may elect to hold all or any portion of its Class A common stock indefinitely. Each of the company s officers and directors may sell the shares of the company s common stock that they acquire in the consolidation or are granted in connection with the IPO at any time following the expiration of the lock-up periods for such shares, which expire one year after the IPO pricing date, or earlier with the prior written consent of certain of the underwriters in the IPO. The company may also issue shares of common stock or operating partnership units in connection with future property, portfolio or business acquisitions. Sales of substantial amounts of shares of the company s Class A common stock (including shares of Class A common stock issued pursuant to the equity incentive plan) or operating partnership units in the public market, or upon the exchange of operating partnership units, or the perception that such sales might occur could adversely affect the market price of the operating partnership units and shares of Class A common stock. This potential adverse effect may be increased by the large number of shares of common stock, on a fully-diluted basis, owned by the Helmsley estate to the extent that it sells, or there is a perception that it may sell, a significant portion of its holdings. In addition, future sales of shares by the company of Class A common stock may be dilutive to holders of operating partnership units and existing stockholders.

Future issuances of debt securities, which would rank senior to shares of the company s common stock or operating partnership units upon the company s liquidation, and future issuances of equity securities (including operating partnership units), which would dilute the holdings of holders of operating partnership units and the company s existing common stockholders and may be senior to the operating partnership units and shares of the company s common stock for the purposes of making distributions, periodically or upon liquidation, may materially and adversely affect the market price of the operating partnership units and shares of the Class A common stock.

In the future, the company may issue debt or equity securities or make other borrowings. Upon liquidation, holders of the company s debt securities and other loans and preferred shares will receive a distribution of the company s available assets before holders of operating partnership units and holders of shares of the company s common stock. The company is not required to offer any such additional debt or equity securities to existing stockholders on a preemptive basis. Therefore, additional operating partnership units and shares of the company s common stock issuances, directly or through convertible or exchangeable securities (including operating partnership units), warrants or options, will dilute the holdings of the holders of operating partnership units and company s existing common stockholders and such issuances or the perception of such issuances may reduce the market price of the operating partnership units and shares of Class A common stock. The company s preferred shares, if issued, would likely have a preference on distribution payments, periodically or upon liquidation, which could limit the company s ability to make distributions to holders of operating partnership units and holders of shares of the company s common stock. Because the company s decision to issue debt or equity securities or otherwise incur debt in the future will depend on market conditions and other factors beyond the company s control, the company cannot predict or estimate the amount, timing or nature of the company s future capital raising efforts. Thus, holders of operating partnership units and holders of shares of common stock bear the risk that the company s future issuances of debt or equity securities or the company s other borrowings will reduce the market price of the operating partnership units or shares of the Class A common stock and dilute their ownership in the operating partnership and the company.

A portion of the company s distributions may be treated as a return of capital for U.S. federal income tax purposes, which could reduce the basis of a stockholder s investment in shares of the company s common stock.

A portion of the company s distributions may be treated as a return of capital for U.S. federal income tax purposes. As a general matter, a portion of the company s distributions will be treated as a return of capital for U.S. federal income tax purposes if the aggregate amount of the company s distributions for a year exceeds the company s current and accumulated earnings and profits for that year. To the extent that a distribution is treated as a return of capital for U.S. federal income tax purposes, it will reduce a holder s adjusted tax basis in the holder s shares, and to the extent that it exceeds the holder s adjusted tax basis will be treated as gain resulting from a sale or exchange of such shares. See U.S. Federal Income Tax Considerations Taxation of Stockholders.

The combined financial statements of the predecessor to the company and the company s unaudited pro forma financial statements may not be representative of the company s financial statement as an independent public company.

The combined financial statements of the predecessor to the company and the company s unaudited pro forma financial statements that are included in this prospectus/consent solicitation do not necessarily reflect what the company s financial position, results of operations or cash flows would have been had the company been an independent entity during the periods presented. Furthermore, this financial information is not necessarily indicative of what the company s results of operations, financial position or cash flows will be in the future. It is impossible for the company to accurately estimate all adjustments which may reflect all the significant changes that will occur in the company s cost structure, funding and operations as a result of the IPO and the consolidation, including potential increased costs associated with reduced economies of scale and increased costs

Table of Contents

associated with being a separate publicly traded company. For additional information, see Selected Financial and Other Data and the combined financial statements of the predecessor and the company s unaudited pro forma financial statements, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust, appearing elsewhere in this prospectus/consent solicitation.

The company s balance sheet includes significant amounts of goodwill. The impairment of a significant portion of this goodwill would negatively affect the company business, financial condition and results of operations.

The company s balance sheet includes goodwill, on a pro forma basis, of approximately $872.1 million at September 30, 2012. These assets consist primarily of goodwill associated with the acquisition of the controlling interest in Empire State Building Company L.L.C. and 501 Seventh Avenue Associates L.L.C. The company also expects to engage in additional acquisitions, which may result in its recognition of additional goodwill. Under accounting standards goodwill is not amortized. On an annual basis and whenever events or changes in circumstances indicate the carrying value or goodwill may be impaired, the company is required to assess whether there have been impairments in the carrying value of goodwill. If the carrying value of the asset is determined to be impaired, then it is written down to fair value by a charge to operating earnings. An impairment of goodwill could have a material adverse effect on the company s business, financial condition and results of operations.

Risks Related to a Third-Party Portfolio Transaction

At the time you vote on the third-party portfolio proposal and the consolidation proposal, there will be significant uncertainties which affect your ability to evaluate both proposals.

At the time that you vote on the consolidation proposal and the third-party portfolio proposal, you will not have any information concerning offers that may be subsequently received. There may be other significant information then unknown to you which could be material to your decision as to whether to consent to either or both of the consolidation and the third-party portfolio proposal, such as information on whether an offer for a third-party portfolio transaction will be received and the amount and terms of such offer.

At the time you vote on the third-party portfolio transaction, no information will be available regarding negotiations or solicitations of competing transactions; termination fees in, or termination, non-competition, non-solicitation and financing provisions relating to, the transaction; tax matters relating to, or accounting treatment of, the transaction; or the identity of the acquiror. Any third-party portfolio offer must provide for cash consideration, but may include an option for participants to elect to receive securities. Unlike with respect to the consolidation proposal, it is not possible to know at this time or at the time you vote on the third-party portfolio proposal whether the third-party portfolio offer will include an option to receive securities, and therefore estimated distributions cannot be calculated at this time. Such information, if known to you, could affect your vote on either or both of these proposals. The effectiveness of your consent will not be affected by any information concerning any subsequent offers and or any other unknown information, regardless of how significant. Additionally, if the supervisor accepts a third-party portfolio offer, such an offer would not be subject to any further approval or action by you.

If both the consolidation proposal and the third-party portfolio proposal are approved, the supervisor may not approve a third-party portfolio transaction, even if it provides for greater consideration than to be issued or paid pursuant to the consolidation.

Because the supervisor believes the consolidation is likely to provide greater benefits to participants than a third-party portfolio transaction, the supervisor intends to accept an offer for a third-party portfolio transaction only if the consideration to be received pursuant to such offer represents what the supervisor believes is an adequate premium above the value expected to be realized over time from the consolidation. However, the

Table of Contents

supervisor is authorized to approve a third-party portfolio transaction only if the aggregate consideration is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. Accordingly, if both the consolidation proposal and the third-party portfolio proposal are approved, the supervisor may determine not to approve a third-party portfolio transaction or if such third-party portfolio transaction is approved by the supervisor, the committee, which includes representatives of the supervisor and a representative of the Helmsley estate, may not approve the third-party portfolio transaction, even if such an offer is received providing equal to or greater consideration than the aggregate exchange value.

The supervisor does not know currently what structure a third-party portfolio transaction would take and may approve a third-party portfolio transaction which you may view as less favorable than the consolidation.

At the time you vote on the proposals, you may not have information concerning (a) the purchase price or terms of an offer (including the tax consequences associated with the transaction), (b) the extent that the offer provides an option to receive securities instead of cash, and, if so, information concerning the business, prospects or risks associated with an investment in the third party or the market for the securities of the third party, or (c) to the extent participants have been provided with such information, whether or not the supervisor will accept an offer. Accordingly, participants will rely on the supervisor, which will determine whether to accept or reject the offer in its sole discretion and, if the supervisor approves a third-party portfolio transaction, subject to the unanimous approval of a committee which includes representatives of the supervisor and a representative of the Helmsley estate. While the supervisor is authorized to approve a third-party portfolio transaction if the aggregate consideration is at least 115% of the aggregate exchange value for the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met, the supervisor may not approve a third-party portfolio proposal even if it provides for consideration greater than the aggregate exchange value. It is also possible that the supervisor may approve a third-party portfolio transaction which you may view as less favorable than the consolidation.

The supervisor and the Malkin Holdings group may have a conflict of interest in determining whether to accept a third-party portfolio transaction offer and in establishing the terms of a third-party portfolio transaction.

The supervisor and the Malkin Holdings group may receive different benefits in connection with the consolidation, as compared with a third-party portfolio transaction. Accordingly, the supervisor and the Malkin Holdings group may have a conflict of interest in determining whether to accept a third-party portfolio transaction offer and in making decisions as to the amount and form of the consideration to be received in the transaction, the terms of the agreements, and other matters.

Even if there is a definitive agreement for a third-party portfolio transaction, it is possible that neither a third-party portfolio transaction nor the consolidation will be consummated.

If the supervisor approves an offer for a third-party portfolio transaction, it is possible (a) the supervisor and the third party making that offer may not be able to negotiate and conclude a definitive agreement or (b) if a definitive agreement is concluded, it may not be consummated due to its conditions or for other reasons. Nonetheless, the negotiation or execution of such definitive agreement for the portfolio transaction could prevent the IPO and consolidation from being consummated, even if a third-party portfolio transaction is not consummated.

The amount of consideration you would receive if a third-party portfolio transaction is consummated is uncertain.

If approved, the third-party portfolio proposal would authorize the supervisor to sell or contribute each subject LLC s interest in its property as part of a portfolio transaction if the aggregate consideration payable in the third-party portfolio transaction is at least 115% of the aggregate exchange value or the subject LLCs, the private entities and the management companies included in the third-party portfolio transaction and certain other conditions are met. If such a third-party portfolio transaction were to proceed, the consideration in a third-party portfolio transaction will be allocated among the subject LLCs, the private entities, and the management companies on a basis which is consistent with the exchange values included in this prospectus/consent solicitation. Any third-party portfolio proposal must provide for all cash, payable in full at closing, but such proposal may provide for an option for all participants to elect to receive securities as an alternative to cash. As a result, you will not know the amount of consideration you would receive if a third-party portfolio transaction is consummated.

Participants who do not approve the third-party portfolio proposal, including participants that do not timely submit their consent forms, after notice that the required percentage of participants in their participating group have so approved may have their participation interests purchased at a lower price.

If consent is received for the third party portfolio proposal from holders of 80% of the participation interests in any of the three participating groups in Empire State Building Associates L.L.C. or holders of 90% of the participation interests in any of the seven participating groups in 60 East 42nd St. Associates L.L.C., the agent of any such participating group has the right to purchase on behalf of the subject LLC the participation interest of any participant in such participating group that failed to vote **FOR** the proposal, including participants that **ABSTAINED** or did not properly or timely submit a consent form, unless within ten days after the agent gives such participant notice of such consent, such participant does vote **FOR** the proposal. The buyout amount for a participant s interest would be substantially lower than the consideration received in a third-party portfolio transaction. The buyout amount, which is equal to the original cost less capital repaid, but not less than $100, is currently $100 for the interest held by a participant in Empire State Building Associates L.L.C. and $100 for the interest held by a participant in 60 East 42nd St. Associates L.L.C. as compared to the exchange value of $323,800 (or $358,670 if you are not subject to the voluntary capital override) per $10,000 original investment for Empire State Building Associates L.L.C. and $402,660 per $10,000 original investment for 60 East 42nd St. Associates L.L.C., respectively.

Participants have no cash appraisal rights.

In a third-party portfolio transaction, you may not have the right to elect to receive a cash payment equal to the value of your participation interest in your subject LLC and you will not have the right to have the value of your participation interest determined in a separate proceeding and paid in cash. A third-party portfolio transaction offer must be for cash, provided that it may provide participants with the option to elect to receive securities in lieu of cash.

Real Estate/Business Risks

All of the company s properties are located in Manhattan and the greater New York metropolitan area, in particular midtown Manhattan, and adverse economic or regulatory developments in this area could materially and adversely affect the company.

All of the company s properties are located in Manhattan and the greater New York metropolitan area, in particular midtown Manhattan, as well as nearby markets in Fairfield County, Connecticut and Westchester County, New York. Seven of the company s 12 office properties are located in midtown Manhattan. As a result, the company s business is dependent on the condition of the New York City economy in general and the market for office space in midtown Manhattan in particular, which exposes the company to greater economic risks than if it owned a more geographically diverse portfolio. The company is susceptible to adverse developments in the New York City economic and regulatory environment (such as business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes, costs of complying with governmental regulations or increased regulation). Such adverse developments could materially reduce the value of the company s real estate portfolio and its rental revenues, and thus materially and adversely affect the company s ability to service current debt and to pay dividends to stockholders. According to RCG, the Manhattan vacancy rate was 9.0% as of June 30, 2012. The company could also be impacted by adverse developments in the Fairfield County, Connecticut and Westchester County, New York markets. The company cannot assure you that these markets will grow or that underlying real estate fundamentals will be favorable to owners and operators of office or retail properties. The company s operations may also be affected if competing properties are built in either of these markets.

Table of Contents

Adverse economic and geopolitical conditions in general and in Manhattan and the greater New York metropolitan area commercial office and retail markets in particular could have a material adverse effect on the company s results of operations, financial condition and the company s ability to make distributions to its stockholders and holders of operating partnership units.

The company s business may be affected by the volatility and illiquidity in the financial and credit markets, a general global economic recession, and other market or economic challenges experienced by the real estate industry or the U.S. economy as a whole. The company s business may also be materially and adversely affected by local economic conditions, as substantially all of the company s revenues are derived from its properties located in Manhattan and the greater New York metropolitan area, particularly in Manhattan, Fairfield County and Westchester County. Because the company s portfolio consists primarily of commercial office and retail buildings (as compared to a more diversified real estate portfolio) located principally in Manhattan, if economic conditions persist or deteriorate, then the company s results of operations, financial condition and ability to service current debt and to make distributions to the company s stockholders may be materially and adversely affected by the following, among other potential conditions:

- the financial condition of the company s tenants, many of which are financial, legal and other professional firms, may be adversely affected, which may result in tenant defaults under leases due to bankruptcy, lack of liquidity, operational failures or other reasons;

- significant job losses in the financial and professional services industries have occurred and may continue to occur, which may decrease demand for the company s office space, causing market rental rates and property values to be impacted negatively;

- the company s ability to borrow on terms and conditions that it finds acceptable, or at all, may be limited, which could reduce the company s ability to pursue acquisition and development opportunities and refinance existing debt, reduce the company s returns from both its existing operations and its acquisition and development activities and increase the company s future interest expense;

- reduced values of the company s properties may limit its ability to dispose of assets at attractive prices or to obtain debt financing secured by the company s properties and may reduce the availability of unsecured loans;

- reduced liquidity in debt markets and increased credit risk premiums for certain market participants may impair the company s ability to access capital;

- the value and liquidity of the company s short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold the company s cash deposits or the institutions or assets in which the company has made short-term investments, the dislocation of the markets for the company s short-term investments, increased volatility in market rates for such investments or other factors and

- one or more counterparties to the company s derivative financial instruments could default on their obligations to the company, increasing the risk that the company may not realize the benefits of these instruments.

These conditions may continue or worsen in the future, which could have materially and adversely affect the company s results of operations, financial condition and ability to make distributions to the company s stockholders.

There can be no assurance that the renovation and repositioning program will be completed in its entirety in accordance with the anticipated timing or at the anticipated cost, or that the company will achieve the results it expects from the company s renovation and repositioning program, which could materially and adversely affect the company s financial condition and results of operations.

Since the supervisor gradually gained full control of the day-to-day management of the company s Manhattan office properties from 2002 through 2006, the supervisor has been undertaking a comprehensive renovation and

Table of Contents

repositioning program of the company s Manhattan office properties that has included the physical improvement through upgrades and modernization of, and tenant upgrades in, such properties. The company currently intends to invest between $100.0 million and $130.0 million of additional capital through the end of 2013 on this program. The company expects to complete substantially this program by the end of 2013, except with respect to the Empire State Building, which is the last Manhattan office property that began its renovation program. In addition, the company currently estimates that between $85.0 million and $115.0 million of capital is needed beyond 2013 to complete substantially the renovation program at the Empire State Building, which the company expects to occur by the end of 2016. These estimates are based on the supervisor s current budgets (which do not include tenant improvements and leasing commissions) and may be less than the actual costs. The company may also experience conditions which delay or preclude program completion. In addition, the company may not be able to lease available space on favorable terms or at all. Further, the renovation and repositioning program may lead to temporary increased vacancy rates at the company s Manhattan office properties. There can be no assurance that the renovation and repositioning program will be completed in its entirety in accordance with the anticipated timing or at the anticipated cost, or that the company will achieve the results it expects from the renovation and repositioning program, or that the company will be able to achieve results similar to those presented in the case studies described under The Company Business and Properties Renovation and Repositioning Case Studies, which could materially and adversely affect the company s financial condition and results of operations.

The company relies on four properties for a significant portion of its revenue.

As of September 30, 2012, four of the company s properties, the Empire State Building, One Grand Central Place, First Stamford Place and 250 West 57th Street, together accounted for approximately 57.7% of the company s portfolio s annualized base rent, and no other property accounted for more than approximately 6.2% of the company s portfolio s annualized base rent (which excludes revenues from the company s broadcasting licenses and related leased space). As of September 30, 2012, the Empire State Building individually accounted for approximately 29.3% of the company s portfolio s annualized base rent. The company s revenue and cash available for distribution to its stockholders and holders of operating partnership units would be materially and adversely affected if the Empire State Building, One Grand Central Place, First Stamford Place or 250 West 57th Street were materially damaged or destroyed. Additionally, the company s revenue and cash available for distribution to its stockholders and holders of operating partnership units would be materially adversely affected if a significant number of the company s tenants at these properties experienced a downturn in their business which may weaken their financial condition and result in their failure to make timely rental payments, defaulting under their leases or filing for bankruptcy.

The company may be unable to renew leases, lease vacant space or re-lease space on favorable terms or at all as leases expire, which could materially and adversely affect the company s financial condition, results of operations and cash flow.

As of September 30, 2012, the company had approximately 1.6 million rentable square feet of vacant office space and 91,872 rentable square feet of vacant retail space (in each case, excluding leases signed but not yet commenced). In addition, leases representing 3.3% and 5.9% of the square footage of the properties in the company s portfolio will expire in the remainder of 2012 (including month-to-month leases) and in 2013, respectively. Above-market rental rates at some of the properties in the company s portfolio may force it to renew some expiring leases or re-lease properties at lower rates. The company cannot assure you expiring leases will be renewed or that its properties will be re-leased at net effective rental rates equal to or above the current average net effective rental rates. If the rental rates of the company s properties decrease, the company s existing tenants do not renew their leases or the company does not re-lease a significant portion of its available space and space for which leases will expire, the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and the Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to its stockholders and holders of operating partnership units would be materially and adversely affected.

Table of Contents

The actual rents the company receives for the properties in its portfolio may be less than the company s asking rents, and the company may experience a decline in realized rental rates from time to time, which could materially and adversely affect its financial condition, results of operations and cash flow.

Throughout this prospectus/consent solicitation, the company makes certain comparisons between its in-place rents and its asking rents, and between the company s asking rents and average asking rents in its markets. As a result of various factors, including competitive pricing pressure in the company s markets, a general economic downturn and the desirability of the company s properties compared to other properties in its markets, the company may be unable to realize its asking rents across the properties in its portfolio. In addition, the degree of discrepancy between the company s asking rents and the actual rents the company is able to obtain may vary both from property to property and among different leased spaces within a single property. If the company is unable to obtain sufficient rental rates across its portfolio, then the company s ability to generate cash flow growth will be negatively impacted. In addition, depending on market rental rates at any given time as compared to expiring leases in the company s portfolio, from time to time rental rates for expiring leases may be higher than starting rental rates for new leases.

The company is exposed to risks associated with property redevelopment and development that could materially and adversely affect its financial condition and results of operations.

The company has engaged, and continues to engage, in development and redevelopment activities with respect to its Manhattan office properties. In addition, the company owns entitled land at the Stamford Transportation Center in Stamford, Connecticut, that can support the development of an approximately 380,000 rentable square foot office building and garage. To the extent that the company continues to engage in development and redevelopment activities, it will be subject to certain risks, including, without limitation:

- the availability and pricing of financing on favorable terms or at all;
- the availability and timely receipt of zoning and other regulatory approvals;
- the potential for the fluctuation of occupancy rates and rents at developed properties due to a number of factors, including market and economic conditions, which may result in the company s investment not being profitable;
- start-up, repositioning and redevelopment costs may be higher than anticipated;
- the cost and timely completion of construction (including risks beyond the company s control, such as weather or labor conditions, or material shortages);
- the potential that the company may fail to recover expenses already incurred if the company abandons development or redevelopment opportunities after it begins to explore them;
- the potential that the company may expend funds on and devote management time to projects which it does not complete;
- the inability to complete construction and leasing of a property on schedule, resulting in increased debt service expense and construction or renovation costs and
- the possibility that developed or redeveloped properties will be leased at below expected rental rates.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of development and redevelopment activities or the completion of development and redevelopment activities once undertaken, any of which could have an adverse effect on the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and ability to satisfy the company s principal and interest obligations and to make distributions to its stockholders and holders of operating partnership units.

Table of Contents

The company may be required to make rent or other concessions and/or significant capital expenditures to improve its properties in order to retain and attract tenants, which could materially and adversely affect the company, including the company s financial condition, results of operations and cash flow.

To the extent there are adverse economic conditions in the real estate market and demand for office space decreases, upon expiration of leases at the company s properties and with respect to its current vacant space, the company will be required to increase rent or other concessions to tenants, accommodate increased requests for renovations, build-to-suit remodeling and other improvements or provide additional services to its tenants. In addition, seven of the company s existing properties are pre-war office properties which may require more frequent and costly maintenance to retain existing tenants or attract new tenants than newer properties. As a result, the company would have to make significant capital or other expenditures in order to retain tenants whose leases expire and to attract new tenants in sufficient numbers. Additionally, the company may need to raise capital to make such expenditures. If the company is unable to do so or capital is otherwise unavailable, it may be unable to make the required expenditures. This could result in non-renewals by tenants upon expiration of their leases and the company s vacant space remaining untenanted, which could materially and adversely affect the company s financial condition, results of operations, cash flow and per share trading price of the operating partnership units and Class A common stock. As of September 30, 2012, the company had approximately 1.6 million rentable square feet of vacant office space and 91,872 rentable square feet of vacant retail space (in each case, excluding leases signed but not yet commenced), and leases representing 3.3% and 5.9% of the square footage of the properties in the company s portfolio will expire in the remainder of 2012 (including month-to-month leases) and in 2013, respectively.

The company depends on significant tenants in its office portfolio, including LF USA, Coty, Inc., Legg Mason, Warnaco and Thomson Reuters, which together represented approximately 20.9% of the company s total portfolio s annualized base rent as of September 30, 2012.

As of September 30, 2012, the company s five largest tenants together represented 20.9% of its total portfolio annualized base rent. The company s largest tenant is LF USA. As of September 30, 2012, LF USA leased an aggregate of 820,284 rentable square feet of office space at three of the company s office properties, representing approximately 9.8% of the total rentable square feet and approximately 10.8% of the annualized base rent in the company s portfolio. The company s rental revenue depends on entering into leases with and collecting rents from tenants. General and regional economic conditions, such as the current challenging economic climate described above, may adversely affect the company s major tenants and potential tenants in its markets. The company s major tenants may experience a material business downturn, weakening their financial condition and potentially resulting in their failure to make timely rental payments and/or a default under their leases. In many cases, the company has made substantial up front investments in the applicable leases, through tenant improvement allowances and other concessions, as well as typical transaction costs (including professional fees and commissions) that the company may not be able to recover. In the event of any tenant default, the company may experience delays in enforcing its rights as landlord and may incur substantial costs in protecting its investment.

The bankruptcy or insolvency of a major tenant also may adversely affect the income produced by the company s properties. If any tenant becomes a debtor in a case under the United States Bankruptcy Code, the company cannot evict the tenant solely because of the bankruptcy. In addition, the bankruptcy court might authorize the tenant to reject and terminate their lease with the company. The bankruptcy of a tenant or lease guarantor could delay the company s efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is rejected by a tenant in bankruptcy, the company would have only a general unsecured claim for damages. Any unsecured claim the company holds may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim the company can make if a lease is rejected.

Table of Contents

The company s revenue and cash flow could be materially adversely affected if any of its significant tenants were to become bankrupt or insolvent, or suffer a downturn in their business, default under their leases or fail to renew their leases at all or renew on terms less favorable to the company than their current terms.

Competition may impede the company s ability to attract or retain tenants or re-let space, which could materially and adversely affect the company s results of operations and cash flow.

The leasing of real estate in the greater New York metropolitan area is highly competitive. The principal means of competition are rent charged, location, services provided and the nature and condition of the premises to be leased. The company directly competes with all lessors and developers of similar space in the areas in which its properties are located as well as properties in other submarkets. Demand for retail space may be impacted by the recent bankruptcy of a number of retail companies and a general trend toward consolidation in the retail industry, which could adversely affect the company s ability to attract and retain tenants. In addition, retailers at the company s properties face increasing competition from outlet malls, discount shopping clubs, electronic commerce, direct mail and telemarketing, which could (i) reduce rents payable to the company, (ii) reduce the company s ability to attract and retain tenants at its properties and (iii) lead to increased vacancy rates at the company s properties, any of which could materially and adversely affect the company.

The company s office properties are concentrated in highly developed areas of midtown Manhattan and densely populated metropolitan communities in Fairfield County and Westchester County. Manhattan is the largest office market in the United States. The number of competitive office properties in the markets in which the company s properties are located (which may be newer or better located than the company s properties) could have a material adverse effect on the company s ability to lease office space at its properties, and on the effective rents the company is able to charge. Additionally, completion of the new Vornado Tower currently under construction at 15 Penn Plaza may provide a significant source of competition for office and retail tenants, due to its close proximity to the Empire State Building.

If the company s tenants are unable to secure financing necessary to continue to operate their businesses and pay the company rent, the company could be materially and adversely affected.

Many of the company s tenants rely on external sources of financing to operate their businesses. The U.S. financial and credit markets continue to experience significant liquidity disruptions, resulting in the unavailability of financing for many businesses. If the company s tenants are unable to secure financing necessary to continue to operate their businesses, they may be unable to meet their rent obligations or be forced to declare bankruptcy and reject their leases, which could materially and adversely affect the company.

The company s dependence on smaller businesses to rent its office space could materially and adversely affect the company s cash flow and results of operations.

The majority of the tenants in the company s properties (measured by number of tenants as opposed to aggregate square footage) are smaller businesses that generally do not have the financial strength of larger corporate tenants. Smaller companies generally experience a higher rate of failure than large businesses. There is a current risk with these companies of a higher rate of tenant defaults, turnover and bankruptcies, which could materially and adversely affect the company s distributable cash flow and results of operations.

The company s dependence on rental income may materially and adversely affect the company s profitability, the company s ability to meet its debt obligations and the company s ability to make distributions to its stockholders and holders of operating partnership units.

A substantial portion of the company s income is derived from rental income from real property. See The Company Business and Properties Tenant Diversification. As a result, the company s performance depends on its ability to collect rent from tenants. The company s income and funds for distribution would be negatively affected if a significant number of the company s tenants, or any of its major tenants (as discussed in more detail below):

- delay lease commencements;

decline to extend or renew leases upon expiration;

fail to make rental payments when due or

declare bankruptcy.

Any of these actions could result in the termination of the tenants leases and the loss of rental income attributable to the terminated leases. In these events, the company cannot be sure that any tenant whose lease expires will renew that lease or that the company will be able to re-lease space on economically advantageous terms or at all. The loss of rental revenues from a number of the company s tenants and the company s inability to replace such tenants may adversely affect the company s profitability, its ability to meet debt and other financial obligations and the company s ability to make distributions to its stockholders and holders of operating partnership units.

The company may not be able to control its operating costs, or the company s expenses may remain constant or increase, even if income from its properties decreases, causing the company s results of operations to be adversely affected.

The company s financial results depend substantially on leasing space in its properties to tenants on terms favorable to the company. Costs associated with real estate investment, such as real estate taxes, insurance and maintenance costs, generally are not reduced even when a property is not fully occupied, rental rates decrease or other circumstances cause a reduction in income from the property. As a result, cash flow from the operations of the company s properties may be reduced if a tenant does not pay its rent or the company is unable to rent its properties on favorable terms. Under those circumstances, the company might not be able to enforce its rights as landlord without delays and may incur substantial legal costs. The terms of the company leases may also limit its ability to change tenants for all or a portion of these expenses. Additionally, new properties that the company may acquire or redevelop may not produce significant revenue immediately, and the cash flow from existing operations may be insufficient to pay the operating expenses and principal and interest on debt associated with such properties until they are fully leased.

The company s breach of or the expiration of its ground lease could materially and adversely affect the company s results of operations.

The company s interest in one of its commercial office properties, 1350 Broadway, is a long-term leasehold of the land and the improvements, rather than a fee interest in the land and the improvements. If the company is found to be in breach of this ground lease, it could lose the right to use the property. In addition, unless the company purchases the underlying fee interest in this property or extends the terms of its lease for this property before expiration on terms significantly comparable to the company s current lease, the company will lose its right to operate this property and its leasehold interest in this property upon expiration of the lease or the company will continue to operate it at much lower profitability, which would significantly adversely affect the company s results of operations. In addition, if the company is perceived to have breached the terms of this lease, the fee owner may initiate proceedings to terminate the lease. The remaining term of this long-term lease, including unilateral extension rights available to the company, is approximately 39 years (expiring July 31, 2050). Annualized base rent from this property as of September 30, 2012 was approximately $17.9 million**.**

Pursuant to the ground lease, the company, as tenant under the ground lease, performs the functions traditionally performed by owners, as landlords, with respect to its subtenants. In addition to collecting rent from its subtenants, the company also maintains the property and pays expenses relating to the property. The company does not have a right, pursuant to the terms of its lease or otherwise, to acquire the fee interest in this property.

The company will not recognize any increase in the value of the land or improvements subject to the company s ground lease, and the company may only receive a portion of compensation paid in any eminent domain proceeding with respect to the property, which could materially and adversely affect the company.

The company has no economic interest in the land or improvements at the expiration of its ground lease at 1350 Broadway and therefore the company will not share in any increase in value of the land or improvements

Table of Contents

beyond the term of the company s ground lease, notwithstanding the company s capital outlay to purchase its interest in the property. Furthermore, if the state or federal government seizes the property subject to the ground lease under its eminent domain power, the company may only be entitled to a portion of any compensation awarded for the seizure. In addition, if the value of the property has increased, it may be more expensive for the company to renew its ground lease.

The company may be unable to identify and successfully complete acquisitions and even if acquisitions are identified and completed, including potentially the option properties, the company may fail to operate successfully acquired properties, which could materially and adversely affect the company and impede its growth.

The company s ability to identify and acquire properties on favorable terms and successfully operate or redevelop them may be exposed to the following significant risks:

- even if the company enters into agreements for the acquisition of properties, these agreements are subject to customary conditions to closing, including completion of due diligence investigations to the company s satisfaction and other conditions that are not within the company s control, which may not be satisfied, and the company may be unable to complete an acquisition after making a non-refundable deposit and incurring certain other acquisition-related costs;

- the company may be unable to finance the acquisition on favorable terms in the time period it desires, or at all, including potentially the option properties;

- the company may spend more than budgeted to make necessary improvements or renovations to acquired properties;

- the company may not be able to obtain adequate insurance coverage for new properties;

- acquired properties may be located in new markets where the company may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures;

- the company may be unable to integrate quickly and efficiently new acquisitions, particularly acquisitions of portfolios of properties, into its existing operations, and as a result the company s results of operations and financial condition could be adversely affected;

- market conditions may result in higher than expected vacancy rates and lower than expected rental rates and

- the company may incur significant costs and divert management attention in connection with evaluating and negotiating potential acquisitions, including ones that the company is subsequently unable to complete.

Any delay or failure on the company s part to identify, negotiate, finance and consummate such acquisitions in a timely manner and on favorable terms, or operate acquired properties to meet the company s financial expectations, could impede the company s growth and adversely affect its financial condition, results of operations, cash flow and trading price of the operating partnership units and Class A common stock.

The company s option properties are subject to various risks and the company may not be able to acquire them.

The company s option properties consist of 112-122 West 34th Street, an office property in midtown Manhattan that was 86.8% leased as of September 30, 2012 and that encompasses approximately 741,487 rentable square feet (inclusive of the retail space on the ground, first and lower floors), and 1400 Broadway, an office property in midtown Manhattan that was 78.2% leased as of September 30, 2012 (or 82.2% giving effect to leases signed but not yet commenced as of that date) and that encompasses approximately 886,815 rentable square feet (inclusive of the retail space on the ground floor). 112-122 West 34th Street and 1400 Broadway will not be contributed to the company in the consolidation due to the ongoing litigation related to these properties.

112 West 34th Street Associates L.L.C. and 1400 Broadway Associates L.L.C., the operating lessees of the company s option properties, are named as defendants in actions alleging that they undertook structural modifications to 112-122 West 34th Street and 1400 Broadway, respectively, without the required consent of the owner of the land on which 112 West 34th Street and 1400 Broadway were constructed (or the ground lessee, in the case of the portion of the 112-122 West 34th Street property that is owned by a private entity supervised by the supervisor and has been ground leased to such ground lessee and subleased to such private entity). Although the company does not intend to acquire 112-122 West 34th Street or 1400 Broadway as part of the consolidation, the operating partnership has entered into option agreements that allow it to acquire the interests in the option properties upon resolution of such litigation. The company s option properties are exposed to many of the same risks that may affect the other properties in its portfolio. The terms of the option agreements relating to the option properties were not determined by arm s length negotiations, and such terms may be less favorable to the company than those that may have been obtained through negotiations with third parties. It may become economically unattractive to exercise the company s options with respect to the option properties. These risks could cause the company to decide not to exercise its option to purchase these properties in the future.

The interests of the private entities that are supervised by the supervisor in the company s option properties, 112-122 West 34th Street and 1400 Broadway, are fee (in the case of a portion of 112-122 West 34th Street), long-term leaseholds (in the case of both of the option properties) and sub-leasehold or sub-subleasehold (in the case of 112-122 West 34th Street only) in the land and the improvements. The remaining terms of these long-term leases, including unilateral extension rights available to the company, are approximately 65 years (expiring June 10, 2077) and approximately 51 years (expiring December 31, 2063), respectively. Even if the company exercises its option to purchase the option properties upon resolution of the ongoing litigation, unless the company purchases the underlying fee interest in these properties or extends the terms of its leases for these properties before expiration on terms significantly comparable to its current leases, the company will lose its right to operate these properties and its leasehold interest in these properties upon expiration of the leases or the company may extend the leases on new terms that may result in reduced profitability, which may significantly adversely affect its results of operations at that time. The purchase price is payable in a combination of cash, shares of the company s common stock and operating partnership units, but the Helmsley estate will have the right to elect to receive all cash (and non-accredited investors are required to receive all cash), which may impact the company s ability to acquire the option properties. Based on the exchange values the option properties would have had, calculated in accordance with the methodology used to derive the exchange values for the subject LLCs and the private entities, the Malkin Holdings group would receive consideration having an aggregate value of $77,600,811 in respect of its participation interests and overrides in the entities which own the option properties, and the Helmsley estate would receive consideration having an aggregate value of $160,160,461 in respect of its participation interests in such entities.

Additionally, Anthony E. Malkin has a conflict of interest because he, together with the Malkin Family controls and owns economic interests in the option properties. As a result, an exercise of such options by the company could economically benefit him.

Competition for acquisitions may reduce the number of acquisition opportunities available to the company and increase the costs of those acquisitions, which may impede the company s growth.

The company plans to continue to acquire properties as it is presented with attractive opportunities. The company may face significant competition for acquisition opportunities in the greater New York metropolitan area with other investors, particularly private investors who can incur more leverage, and this competition may adversely affect the company by subjecting it to the following risks:

- an inability to acquire a desired property because of competition from other well-capitalized real estate investors, including publicly traded and privately held REITs, private real estate funds, domestic and foreign financial institutions, life insurance companies, sovereign wealth funds, pension trusts, commercial developers, partnerships and individual investors and an increase in the purchase price for such acquisition property, in the event the company is able to acquire such desired property. The significant competition for acquisitions of commercial office and retail properties in the greater New York metropolitan area may impede the company s growth.

The observatory operations at the Empire State Building are not traditional real estate operations, and competition and changes in tourist trends may subject the company to additional risks, which could materially and adversely affect the Company.

During the nine months ended September 30, 2012 and year ended December 31, 2011, the Empire State Building derived approximately $68.5 million and $80.6 million of revenue, respectively, from its observatory operations, representing approximately 40.1% and 40.5% of the Empire State Building s total revenue for these periods. Demand for the Empire State Building s observatory is highly dependent on domestic and overseas tourists. In addition, competition from observatory operations in the new property currently under construction at One World Trade Center and, to a lesser extent, from the existing observatory at Rockefeller Center, could have a negative impact on revenues from the company s observatory operations. Adverse impacts on domestic travel and changes in foreign currency exchange rates may also decrease demand in the future which could have a material adverse effect on the company s results of operations, financial condition and ability to make distributions to its stockholders and holders of operating partnership units.

The broadcasting operations at the Empire State Building are not traditional real estate operations, and competition and changes in the broadcasting of signals over air may subject the company to additional risks, which could materially and adversely affect the company.

The Empire State Building and its broadcasting mast provides radio and data communications services and supports delivery of broadcasting signals to cable and satellite systems and television and radio receivers. The company licenses the use of the broadcasting mast to third party television and radio broadcasters. During the nine months ended September 30, 2012 and the year ended December 31, 2011, the company derived approximately $15.9 million and $20.6 million, respectively, of revenue from the Empire State Building s broadcasting licenses and related leased space, representing approximately 9.3% and 10.4% of the Empire State Building s total revenue for these periods. Competition from broadcasting operations in the planned property currently under construction at One World Trade Center and, to a lesser extent, from the existing broadcasting operations at Four Times Square, could have a negative impact on revenues from the company s broadcasting operations. The company s broadcast television and radio licensees also face a range of competition from advances in technologies and alternative methods of content delivery in their respective industries, as well as from changes in consumer behavior driven by new technologies and methods of content delivery, which may reduce the demand for over-the-air broadcast licenses in the future. New government regulations affecting broadcasters, including the implementation of the FCC s National Broadband Plan, or the Plan, also might materially and adversely affect the company s results of operations by reducing the demand for broadcast licenses. Among other things, the Plan urges Congress to make more spectrum available for wireless broadband service providers by encouraging over-the-air broadcast licensees to relinquish spectrum through a voluntary auction process, which raises many issues that could impact the broadcast industry. At this time the company cannot predict whether Congress or the FCC will adopt or implement any of the Plan s recommendations or the rule changes as proposed, or how any such actions might affect the company s broadcasting operations. Any of these risks might materially and adversely affect the company.

Acquired properties may expose the company to unknown liability, which could adversely affect the company s results of operations, cash flow and the market value of its securities.

The company may acquire properties subject to liabilities and without any recourse, or with only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against the company based upon ownership of those properties, the company might have to

Table of Contents

pay substantial sums to settle or contest it, which could adversely affect the company s results of operations, cash flow and the market value of its securities. Unknown liabilities with respect to acquired properties might include:

- liabilities for clean-up of undisclosed environmental contamination;

- claims by tenants, vendors or other persons against the former owners of the properties;

- liabilities incurred in the ordinary course of business and

- claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

The company may acquire properties or portfolios of properties through tax deferred contribution transactions, which could result in stockholder dilution and limit the company s ability to sell such assets.

In the future the company may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in the company s operating partnership, which may result in stockholder dilution. This acquisition structure may have the effect of, among other things, reducing the amount of tax depreciation the company could deduct over the tax life of the acquired properties, and may require that the company agrees to protect the contributors ability to defer recognition of taxable gain through restrictions on the company s ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions could limit the company s ability to sell an asset at a time, or on terms, that would be favorable absent such restrictions.

Turmoil in the capital and credit markets could materially and adversely affect the company.

Ongoing economic conditions have negatively impacted the capital and credit markets, particularly for real estate. The capital markets have witnessed significant adverse conditions, including a substantial reduction in the availability of and access to capital. The risk premium demanded by capital suppliers has increased markedly, as they are demanding greater compensation for credit risk. Lending spreads have widened from recent levels, and underwriting standards are being tightened. In addition, recent failures and consolidations of certain financial institutions have decreased the number of potential lenders, resulting in reduced lending levels available to the market. As a result, the company may not be able to obtain favorable debt financing in the future or at all. This may result in future acquisitions generating lower overall economic returns, which may adversely affect the company s results of operations and distributions to stockholders. Furthermore, any turmoil in the capital or credit markets could adversely impact the overall amount of capital and debt financing available to invest in real estate, which may result in decreases in price or value of real estate assets.

With the turmoil in the capital markets, an increasing number of financial institutions have sought federal assistance or failed. In the event of a failure of a lender or counterparty to a financial contract, obligations under the financial contract might not be honored and many forms of assets may be at risk and may not be fully returned to the company. Should a financial institution fail to fund its committed amounts when contractually obligated to do so, the company s ability to meet its obligations could be materially and adversely impacted.

Should the company decide at some point in the future to expand into new markets, it may not be successful, which could adversely affect the company s financial condition, result of operations, cash flow and trading price of the operating partnership units and Class A common stock.

If opportunities arise, the company may explore acquisitions of properties in new markets. Each of the risks applicable to the company s ability to acquire and integrate successfully and operate properties in its current markets is also applicable to the company s ability to acquire and integrate successfully and operate properties in new markets. In addition to these risks, the company will not possess the same level of familiarity with the dynamics and market conditions of any new markets that the company may enter, which could adversely affect the results of its expansion into those markets, and the company may be unable to build a significant market share or achieve a desired return on its investments in new markets. If the company is unsuccessful in expanding into new

134

markets, it could adversely affect the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and ability to satisfy the company s principal and interest obligations and to make distributions to its stockholders and holders of operating partnership units.

The company s growth depends on external sources of capital that are outside of its control, which may affect the company s ability to seize strategic opportunities, satisfy debt obligations and make distributions to its stockholders and holders of operating partnership units.

In order to qualify as a REIT, the company must distribute to its stockholders, on an annual basis, at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. In addition, the company will be subject to U.S. federal income tax at regular corporate rates to the extent that the company distributes less than 100% of its net taxable income (including net capital gains) and will be subject to a 4% nondeductible excise tax on the amount by which the company s distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. Because of these distribution requirements, the company may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, the company may need to rely on third-party sources to fund its capital needs. The company may not be able to obtain financing on favorable terms, in the time period it desires, or at all. Any additional debt the company incurs will increase its leverage. The company s access to third-party sources of capital depends, in part, on:

- general market conditions;
- the market s perception of the company s growth potential;
- the company s current debt levels;
- the company s current and expected future earnings;
- the company s cash flow and cash distributions and
- the market price of the operating partnership units and the company s Class A common stock.

If the company cannot obtain capital from third-party sources, it may not be able to acquire or redevelop properties when strategic opportunities exist, satisfy its principal and interest obligations or make the cash distributions to the company s stockholders necessary to maintain its qualification as a REIT.

If the company is unable to sell, dispose of or refinance one or more properties in the future, the company may be unable to realize its investment objectives and the company s business may be adversely affected.

The real estate investments made, and to be made, by the company are relatively difficult to sell quickly. Return of capital and realization of gains from an investment generally will occur upon disposition or refinancing of the underlying property. In addition, the Code imposes restrictions on the ability of a REIT to dispose of properties that are not applicable to other types of real estate companies. The company may be unable to realize its investment objectives by sale, other disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, these risks could arise from weakness in or even the lack of an established market for a property, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which the company s properties are located.

The company s outstanding indebtedness upon completion of the IPO reduces cash available for distribution and may expose the company to the risk of default under its debt obligations and may include covenants that restrict the company s ability to pay dividends.

Upon completion of the IPO, the company anticipates its pro forma total consolidated indebtedness will be approximately $1.11 billion (which is only 21% of its total assets based on the appraised value of the company s properties set forth in the Appraisal prepared by the independent valuer for purposes of establishing aggregate

Table of Contents

exchange value), and the company may incur significant additional debt to finance future acquisition and redevelopment activities. In addition, the company expects to obtain an $800.0 million secured revolving and term credit facility upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates. The company has obtained a commitment for $400.0 million of availability under the secured revolving and term credit facility, subject to satisfaction of certain customary conditions precedent, from the representatives of the underwriters or their respective affiliates who have also agreed to use commercially reasonable efforts to syndicate the remainder of the facility. The company expects to use this secured revolving and term credit facility to, among other things, fully repay borrowings under its existing $500.0 million term loan secured by the Empire State Building, which had a balance of $219.0 million as of September 30, 2012, fund capital expenditures and tenant improvements and leasing commissions, potential acquisitions, general corporate matters and working capital. See Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust Consolidated Indebtedness to be Outstanding After the IPO Description of Certain Debt Secured Revolving and Term Credit Facility.

Payments of principal and interest on borrowings may leave the company with insufficient cash resources to operate its properties or to pay the distributions currently contemplated or necessary to qualify as a REIT. The company s level of debt and the limitations imposed on the company by its loan documents could have significant adverse consequences, including the following:

- the company s cash flow may be insufficient to meet its required principal and interest payments;
- the company may be unable to borrow additional funds as needed or on favorable terms;
- the company may be unable to refinance its indebtedness at maturity or the refinancing terms may be less favorable than the terms of the company s original indebtedness;
- to the extent the company borrows debt that bears interest at variable rates, increases in interest rates could materially increase the company s interest expense;
- the company may be forced to dispose of one or more of its properties, possibly on disadvantageous terms;
- the company may default on its obligations or violate restrictive covenants, in which case the lenders or mortgagees may accelerate the company s debt obligations, foreclose on the properties that secure their loans and/or take control of the company s properties that secure their loans and collect rents and other property income;
- the company may violate restrictive covenants in its loan documents, which would entitle the lenders to accelerate the company s debt obligations or reduce its ability to make, or prohibit it from making, distributions and
- the company s default under any one of its mortgage loans with cross default provisions could result in a default on other indebtedness.

In addition, the secured revolving and term credit facility is expected to include covenants which may restrict the company s ability to pay dividends if the company fails to meet certain tests. See Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust Consolidated Indebtedness to be Outstanding After the IPO Description of Certain Debt Secured Revolving and Term Credit Facility.

If any one of these events were to occur, the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to its stockholders could be adversely affected. In addition, in connection with the company s debt agreements it may enter into lockbox and cash management agreements pursuant to which substantially all of the income generated by the company s properties will be deposited directly into lockbox accounts and then swept into cash management accounts for the benefit of the company s various lenders and from which cash will be distributed to the company only after funding of improvement, leasing and maintenance reserves and the payment of principal and interest on the company s debt,

Table of Contents

insurance, taxes, operating expenses and extraordinary capital expenditures and leasing expenses. As a result, the company may be forced to borrow additional funds in order to make distributions to the company s stockholders (including, potentially, to make distributions necessary to allow the company to qualify as a REIT).

Mortgage debt obligations expose the company to the possibility of foreclosure, which could result in the loss of the company s investment in a property or group of properties subject to mortgage debt.

Incurring mortgage and other secured debt obligations increases the company s risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately the company s loss of the property securing any loans for which the company is in default. Any foreclosure on a mortgaged property or group of properties could adversely affect the overall value of the company s portfolio of properties. For tax purposes, a foreclosure of any of the company s properties that is subject to a nonrecourse mortgage loan would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds the company s tax basis in the property, the company would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could hinder the company s ability to meet the distribution requirements applicable to REITs under the Code. Foreclosures could also trigger the company s tax indemnification obligations under the terms of its agreements with certain investors with respect to sales of certain properties, and obligate the company to make certain levels of indebtedness available for them to guarantee which, among other things, allows them to defer the recognition of gain in connection with the consolidation.

High mortgage rates and/or unavailability of mortgage debt may make it difficult for the company to finance or refinance properties, which could reduce the number of properties the company can acquire, its net income and the amount of cash distributions the company can make.

If mortgage debt is unavailable at reasonable rates, the company may not be able to finance the purchase of properties. If the company places mortgage debt on properties, it may be unable to refinance the properties when the loans become due, or to refinance on favorable terms. If interest rates are higher when the company refinances its properties, the company s income could be reduced. If any of these events occur, the company s cash flow could be reduced. This, in turn, could reduce cash available for distribution to the company s stockholders and may hinder the company s ability to raise more capital by issuing more stock or by borrowing more money. In addition, to the extent the company is unable to refinance the properties when the loans become due, the company will have fewer debt guarantee opportunities available to offer under its tax protection agreement. If the company is unable to offer certain guarantee opportunities to the parties to the tax protection agreement, or otherwise is unable to allocate sufficient liabilities of the operating partnership to those parties, it could trigger an indemnification obligation of the company under the tax protection agreement.

Some of the company s financing arrangements involve balloon payment obligations, which may adversely affect its ability to make distributions.

Upon closing of the consolidation, the company will have pro forma total debt outstanding of approximately $1.11 billion (which is only 21.0% of its total assets based on the appraised value of the company s properties set forth in the Appraisal prepared by the independent valuer for purposes of establishing aggregate exchange value), with a weighted average interest rate of 5.20%, a weighted average maturity of 3.4 years and 78.2% of which is fixed-rate indebtedness. Additionally, the company expects to have approximately $304.1 million of available borrowing capacity under its loans on a pro forma basis (excluding amounts under the $800.0 million secured revolving and term credit facility which the company expects to obtain upon the closing of the IPO from lenders that will include certain of the underwriters of the IPO or their respective affiliates). The company has no debt maturing in the remainder of 2012 and approximately $56.9 million maturing in 2013. As of September 30, 2012, the company had 23 mortgage loans outstanding secured by 17 of the company s properties. As of September 30, 2012, these loans had an aggregate estimated principal balance at maturity of approximately $1.0 billion with maturity dates ranging from May 2013 through April 2018. Some of the company s financing arrangements require it to make a lump-sum or balloon payment at maturity. See Management s Discussion and Analysis of

Financial Condition and Results of Operations of Empire State Realty Trust Consolidated Indebtedness to be Outstanding After the IPO for a description of the estimated principal balances at maturity, including lump-sum or balloon payments, of the company s indebtedness. The company s ability to make a balloon payment at maturity is uncertain and may depend upon the company s ability to obtain additional financing or its ability to sell the property. At the time the balloon payment is due, the company may or may not be able to refinance the existing financing on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment. The effect of a refinancing or sale could affect the rate of return to stockholders and the projected time of disposition of the company s assets. In addition, payments of principal and interest made to service the company s debts may leave it with insufficient cash to make distributions necessary to meet the distribution requirements applicable to REITs under the Code.

The company s degree of leverage and the lack of a limitation on the amount of indebtedness the company may incur could materially and adversely affect it.

The company s organizational documents do not contain any limitation on the amount of indebtedness it may incur. Upon closing of the consolidation and on a pro forma basis for the year ended December 31, 2011, the company had a debt-to-EBITDA ratio of approximately 4.93x. For the year ended December 31, 2011 the company s pro forma EBITDA and pro forma net income, the most comparable GAAP measure, were approximately $213.2 million and $58.7 million, respectively. Any changes that increase the company s debt-to-EBITDA could be viewed negatively by investors. As a result, the company s stock price could decrease. The company also considers factors other than debt-to-EBITDA in making decisions regarding the incurrence of indebtedness, such as the purchase price of properties to be acquired with debt financing, the estimated market value of the company s properties upon refinancing and the ability of particular properties and the company s business as a whole to generate cash flow to cover expected debt service.

The company s degree of leverage could affect its ability to obtain additional financing for working capital, capital expenditures, acquisitions, development or other general corporate purposes. The company s degree of leverage could also make it more vulnerable to a downturn in business or the economy generally. If the company becomes more leveraged in the future, the resulting increase in debt service requirements could cause the company to default on its obligations, which could materially and adversely affect the company.

The company s tax protection agreement could limit its ability either to sell certain properties, engage in a strategic transaction or to reduce its level of indebtedness, which could materially and adversely affect the company.

As part of the consolidation, the operating partnership intends to enter into a tax protection agreement with Peter L. Malkin and Anthony E. Malkin pursuant to which the operating partnership will agree to indemnify the Wien group and an additional third party investor in Metro Center (who was one of the original landowners and was involved in the development of the property) against certain tax liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance, or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value) to be acquired by the operating partnership in the consolidation for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by those properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such investor owns less than the aggregate number of operating partnership units and shares of common stock equal to 50% of the aggregate number of such units and shares such investor received in the consolidation. If the company s tax indemnification obligations were to be

Table of Contents

triggered under these agreements, the company would be required to pay damages for the resulting tax consequences to the Malkin Family, and the company has acknowledged that a calculation of damages will not be based on the time value of money or the time remaining within the restricted period. Moreover, these obligations may restrict the company s ability to engage in a strategic transaction. In addition, these obligations may require the company to maintain more or different indebtedness than the company would otherwise require for the company s business. See The Consolidation Description of the Tax Protection Agreement. The operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after the IPO, the amount of the operating partnership s indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2012, and exchange values, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $97.7 million (which will be $119.6 million beginning after December 31, 2012 if certain sunset provisions under the Internal Revenue Code are not altered or reversed).

The continuing threat of a terrorist event may materially and adversely affect the company s properties, their value and the company s ability to generate cash flow.

There may be a decrease in demand for space in Manhattan and the greater New York metropolitan area because it is considered at risk for a future terrorist event, and this decrease may reduce the company s revenues from property rentals. In the aftermath of a terrorist event, tenants in Manhattan and the greater New York metropolitan area may choose to relocate their businesses to less populated, lower-profile areas of the United States that are not as likely to be targets of future terrorist activity. This in turn could trigger a decrease in the demand for space in Manhattan and the greater New York metropolitan area, which could increase vacancies in the company s properties and force the company to lease its properties on less favorable terms. Further, certain of the company s properties, including the Empire State Building, may be considered to be susceptible to increased risks of a future terrorist event due to the high-profile nature of the property. In addition, a terrorist event could cause insurance premiums at certain of the company s properties to increase significantly. As a result, the value of the company s properties and the level of its revenues could materially decline.

Potential losses such as those from adverse weather conditions, natural disasters, terrorist events and title claims, may not be fully covered by the company s insurance policies, and such losses could materially and adversely affect the company.

The company s business operations are susceptible to, and could be significantly affected by, adverse weather conditions, terrorist events and natural disasters that could cause significant damage to the properties in its portfolio. The company s insurance may not be adequate to cover business interruption or losses resulting from such events. In addition, the company s insurance policies include substantial self-insurance portions and significant deductibles and co-payments for such events, and recent hurricanes in the United States have affected the availability and price of such insurance. As a result, the company may incur significant costs in the event of adverse weather conditions, terrorist events and natural disasters. The company may discontinue certain insurance coverage on some or all of its properties in the future if the cost of premiums for any of these policies in the company s judgment exceeds the value of the coverage discounted for the risk of loss.

The company carries comprehensive liability, fire, extended coverage, earthquake, terrorism and rental loss insurance, covering all of its Manhattan properties and its greater New York metropolitan area properties under a blanket policy. The company carries additional all-risk property and business insurance, which includes terrorism insurance, on the Empire State Building through ESB Captive Insurance Company L.L.C., or ESB Captive Insurance, the company s wholly owned captive insurance company. ESB Captive Insurance covers terrorism insurance for $700 million in losses in excess of $800 million per occurrence suffered by the Empire State Building, providing the company with aggregate terrorism coverage of $1.5 billion. ESB Captive Insurance fully reinsures the 15% coinsurance under the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA) and the difference between the TRIPRA captive deductible and policy deductible of $25,000 for non-Nuclear, Biological, Chemical and Radiological exposures. As a result, the company remains only liable for

Table of Contents

the 15% coinsurance under TRIPRA for Nuclear, Biological, Chemical and Radiological (NBCR) exposures, as well as a deductible equal to 20% of the prior year s premium, which premium was approximately $429,000 in 2011. As long as the company owns ESB Captive Insurance, the company is responsible for its liquidity and capital resources, and its accounts are part of the company s consolidated financial statements. If the company experiences a loss and its captive insurance company is required to pay under its insurance policy, the company would ultimately record the loss to the extent of its required payment.

Furthermore, the company does not carry insurance for certain losses, including, but not limited to, losses caused by war. In addition, while the company s title insurance policies insure for the current aggregate market value of the company s portfolio, the company does not intend to increase its title insurance policies as the market value of its portfolio increases. As a result, the company may not have sufficient coverage against all losses that it may experience, including from adverse title claims.

If the company experiences a loss that is uninsured or which exceeds its policy limits, the company could incur significant costs and lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, the company would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

In addition, certain of the company s properties could not be rebuilt to their existing height or size at their existing location under current land-use laws and policies. In the event that the company experiences a substantial or comprehensive loss of one of its properties, the company may not be able to rebuild such property to its existing specifications and otherwise may have to upgrade such property to meet current code requirements.

TRIA, which was enacted in November 2002, was renewed on December 31, 2007. Congress extended TRIA, now called TRIPRA (Terrorism Risk Insurance Program Reauthorization Act of 2007) until December 31, 2014. The law extends the federal Terrorism Risk Insurance Program that requires insurance companies to offer terrorism coverage and provides for compensation for insured losses resulting from acts of foreign and domestic terrorism. The company s debt instruments, consisting of mortgage loans secured by its properties (which are generally non-recourse to the company), ground leases and the company s secured term loan, contain customary covenants requiring the company to maintain insurance, including TRIPRA insurance. While the company does not believe it will be likely, there can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from all-risk insurance coverage for losses due to terrorist acts is a breach of these debt and ground lease instruments that allows the lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions for those properties in the portfolio which are not insured against terrorist events. In addition, if lenders insist on full coverage for these risks and prevail in asserting that the company is required to maintain such coverage, it could result in substantially higher insurance premiums.

Certain mortgages on the company s properties contain requirements concerning the financial ratings of the insurers who provide policies covering the property. The company provides the lenders on a regular basis with the identity of the insurance companies in its insurance programs. While the ratings of the company s insurers currently satisfy the rating requirements in some of its loan agreements, in the future, the company may be unable to obtain insurance with insurers which satisfy the rating requirements which could give rise to an event of default under such loan agreements. Additionally, in the future the company s ability to obtain debt financing secured by individual properties, or the terms of such financing, may be adversely affected if lenders generally insist on ratings for insurers which are difficult to obtain or which result in a commercially unreasonable premium.

The company may become subject to liability relating to environmental and health and safety matters, which could have a material and adverse effect on it.

Under various federal, state and/or local laws, ordinances and regulations, as a current or former owner or operator of real property, the company may be liable for costs and damages resulting from the presence or release of hazardous substances, waste, or petroleum products at, on, in, under or from such property, including costs for investigation or remediation, natural resource damages, or third party liability for personal injury or property damage. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence or release of such materials, and the liability may be joint and several. Some of the company s properties have been or may be impacted by contamination arising from current or prior uses of the property or adjacent properties for commercial, industrial or other purposes. Such contamination may arise from spills of petroleum or hazardous substances or releases from tanks used to store such materials. The company also may be liable for the costs of remediating contamination at off-site disposal or treatment facilities when the company arranges for disposal or treatment of hazardous substances at such facilities, without regard to whether the company complies with environmental laws in doing so. The presence of contamination or the failure to remediate contamination on the company s properties may adversely affect its ability to attract and/or retain tenants and its ability to develop or sell or borrow against those properties. In addition to potential liability for cleanup costs, private plaintiffs may bring claims for personal injury, property damage or for similar reasons. Environmental laws also may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on the company s properties, environmental laws may impose restrictions on the manner in which that property may be used or how businesses may be operated on that property. For example, the company s property at 69-97 Main Street is subject to an Environmental Land Use Restriction that imposes certain restrictions on the use, occupancy and activities of the affected land beneath the property. This restriction may prevent the company from conducting certain renovation activities at the property, which may adversely affect its resale value and may adversely affect the company s ability to finance or refinance this property. See The Company Business and Properties Regulation Environmental Matters.

Some of the company s properties are adjacent to or near other properties used for industrial or commercial purposes or that have contained or currently contain underground storage tanks used to store petroleum products or other hazardous or toxic substances. Releases from these properties could impact the company s properties. In addition, some of the company s properties have previously been used by former owners or tenants for commercial or industrial activities, e.g., gas stations and dry cleaners, and a portion of the Metro Tower site is currently used for automobile parking and fuelling that may release petroleum products or other hazardous or toxic substances at such properties or to surrounding properties.

In addition, the company s properties are subject to various federal, state and local environmental and health and safety laws and regulations. Noncompliance with these environmental and health and safety laws and regulations could subject the company or its tenants to liability. These liabilities could affect a tenant s ability to make rental payments to the company. Moreover, changes in laws could increase the potential costs of compliance with such laws and regulations or increase liability for noncompliance. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect the company s operations, or those of its tenants, which could in turn have a material adverse effect on the company.

As the owner or operator of real property, the company may also incur liability based on various building conditions. For example, buildings and other structures on properties that the company currently owns or operates or those the company acquires or operates in the future contain, may contain, or may have contained, asbestos-containing material, or ACM. Environmental and health and safety laws require that ACM be properly managed and maintained and may impose fines or penalties on owners, operators or employers for non-compliance with those requirements. These requirements include special precautions, such as removal, abatement or air monitoring, if ACM would be disturbed during maintenance, renovation or demolition of a building, potentially resulting in substantial costs. In addition, the company may be subject to liability for personal injury or property damage sustained as a result of releases of ACM into the environment.

In addition, the company s properties may contain or develop harmful mold or suffer from other indoor air quality issues, which could lead to liability for adverse health effects or property damage or costs for remediation. When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of the company s properties could require it to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose the company to liability from its tenants, employees of its tenants or others if property damage or personal injury occurs.

The company cannot assure you that costs or liabilities incurred as a result of environmental issues will not affect the company s ability to make distributions to its stockholders or holders of operating partnership units or that such costs, liabilities, or other remedial measures will not have a material adverse effect on the company s financial condition and results of operations.

Potential environmental liabilities may exceed the company s environmental insurance coverage limits, which could have a material and adverse effect on it.

The company carries environmental insurance to cover certain potential environmental liabilities associated with pollution conditions at certain of its properties. The company cannot assure you, however, that its insurance coverage will be sufficient or that the company s liability will not have a material adverse effect on its financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to the company s stockholders.

The company may experience a decline in the fair value of its assets, which may have a material impact on the company s financial condition, liquidity and results of operations and adversely impact its stock price.

A decline in the fair market value of the company s assets may require it to recognize an other-than-temporary impairment against such assets under GAAP if the company were to determine that, with respect to any assets in unrealized loss positions, it does not have the ability and intent to hold such assets to maturity or for a period of time sufficient to allow for recovery to the amortized cost of such assets. If such a determination were to be made, the company would recognize unrealized losses through earnings and write down the amortized cost of such assets to a new cost basis, based on the fair value of such assets on the date they are considered to be other-than-temporarily impaired. Such impairment charges reflect non-cash losses at the time of recognition; subsequent disposition or sale of such assets could further affect the company s future losses or gains, as they are based on the difference between the sale price received and adjusted amortized cost of such assets at the time of sale.

Failure to hedge interest rates effectively could have a material and adverse effect on the company.

Subject to the company s qualification as a REIT, the company may seek to manage its exposure to interest rate volatility by using interest rate hedging arrangements that involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements, and that these arrangements may not be effective in reducing the company s exposure to interest rate changes. Moreover, there can be no assurance that the company s hedging arrangements will qualify for hedge accounting or that the company s hedging activities will have the desired beneficial impact on the company s results of operations. Should the company desire to terminate a hedging agreement, there could be significant costs and cash requirements involved to fulfill the company s initial obligation under the hedging agreement. Failure to hedge effectively against interest rate changes may adversely affect the company s results of operations.

When a hedging agreement is required under the terms of a mortgage loan it is often a condition that the hedge counterparty maintains a specified credit rating. With the current volatility in the financial markets, there is an increased risk that hedge counterparties could have their credit rating downgraded to a level that would not be acceptable under the loan provisions. If the company were unable to renegotiate the credit rating condition with the lender or find an alternative counterparty with acceptable credit rating, the company could be in default under the loan and the lender could seize that property through foreclosure.

Table of Contents

As a general contractor, Malkin Construction, the company s wholly-owned subsidiary, is subject to the various risks associated with construction that could have a material adverse effect on the company s business and results of operations.

As a general contractor, Malkin Construction, the company s wholly-owned subsidiary, is subject to the various risks associated with construction (including, without limitation, shortages of labor and materials, work stoppages, labor disputes and weather interference) that could cause construction delays. The company is subject to the risk that it will be unable to complete construction at budgeted costs or be unable to fund any excess construction costs, which could have a material adverse effect on the company s business and results of operations.

The company may incur significant costs complying with the ADA and similar laws, which could adversely affect the company s financial condition, results of operations, cash flow and trading price of the operating partnership units and Class A common stock.

Under the Americans with Disabilities Act of 1990, or the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. The company has not conducted a recent audit or investigation of all of its properties to determine the company s compliance with the ADA. If one or more of the properties in the company s portfolio is not in compliance with the ADA, the company would be required to incur additional costs to bring the property into compliance. Additional federal, state and local laws also may require modifications to the company s properties, or restrict the company s ability to renovate its properties. The company cannot predict the ultimate cost of compliance with the ADA or other legislation. If the company incurs substantial costs to comply with the ADA and any other legislation, the company s financial condition, results of operations, cash flow, trading price of the operating partnership units and Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to the company s stockholders could be adversely affected.

The company s property taxes could increase due to property tax rate changes or reassessment, which could impact the company s cash flows.

Even if the company qualifies as a REIT for U.S. federal income tax purposes, the company will be required to pay state and local taxes on its properties. The real property taxes on the company s properties may increase as property tax rates change or as the company s properties are assessed or reassessed by taxing authorities. In particular, the company s portfolio of properties may be reassessed as a result of the IPO. Therefore, the amount of property taxes the company pays in the future may increase substantially from what the company has paid in the past. If the property taxes the company pays increase, the company s financial condition, results of operations, cash flows, trading price of the operating partnership units and Class A common stock and the company s ability to satisfy its principal and interest obligations and to make distributions to the company s stockholders could be adversely affected.

The company may become subject to litigation, which could have a material and adverse effect on the company s financial condition, results of operations, cash flow and trading price of the operating partnership units and Class A common stock.

In the future the company may become subject to litigation, including claims relating to its operations, offerings, and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against the company, some of which are not, or cannot be, insured against. The company generally intends to defend itself vigorously; however, the company cannot be certain of the ultimate outcomes of any claims that may arise in the future. Resolution of these types of matters against the company may result in it having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact the company s earnings and cash flows, thereby having an adverse effect on the company s financial condition, results of operations, cash flow and trading price of the operating partnership units and Class A common stock.

Table of Contents

Certain litigation or the resolution of certain litigation may affect the availability or cost of some of the company s insurance coverage, which could adversely impact the company s results of operations and cash flows, expose the company to increased risks that would be uninsured, and/or adversely impact the company s ability to attract officers and directors.

Joint venture investments could be adversely affected by the company s lack of sole decision-making authority, its reliance on co-venturers financial condition and disputes between the company and its co-venturers.

The company may co-invest in the future with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. In such event, the company would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with the company s business interests or goals, and may be in a position to take actions contrary to the company s policies or objectives, and they may have competing interests in the company s markets that could create conflict of interest issues. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither the company nor the partner or co-venturer would have full control over the partnership or joint venture. In addition, prior consent of the company s joint venture partners may be required for a sale or transfer to a third party of the company s interests in the joint venture, which would restrict the company s ability to dispose of its interest in the joint venture. If the company becomes a limited partner or non-managing member in any partnership or limited liability company and such entity takes or expects to take actions that could jeopardize the company s status as a REIT or require it to pay tax, the company may be forced to dispose of its interest in such entity including at an unfavorable price. Disputes between the company and partners or co-venturers may result in litigation or arbitration that would increase the company s expenses and prevent its officers and/or directors from focusing their time and effort on the company s business. Consequently, actions by or disputes with partners or co-venturers might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, the company may in certain circumstances be liable for the actions of its third-party partners or co-venturers. The company s joint ventures may be subject to debt and, in any weakened credit market, the refinancing of such debt may require equity capital calls.

Changes in accounting rules, assumptions and/or judgments could materially and adversely affect the company.

Accounting rules for certain aspects of the company s anticipated operations are highly complex and involve significant judgment and assumptions. These complexities could lead to a delay in the preparation of the company s financial statements and the delivery of this information to the company s stockholders. Furthermore, changes in accounting rules or in the company s accounting assumptions and/or judgments, such as asset impairments, could materially impact its financial statements. Under any of these circumstances, the company could be materially and adversely affected.

The company may incur significant costs complying with various regulatory requirements, which could materially and adversely affect its financial performance.

The company s properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If the company fails to comply with these various requirements, it might incur governmental fines or private damage awards. In addition, existing requirements could change and future requirements might require the company to make significant unanticipated expenditures, which materially and adversely affect its financial performance.

Table of Contents

Risks Related to the Tax Consequences of the Consolidation

A participant that receives common stock in the consolidation may recognize gain or loss for U.S. federal income tax purposes.

If you receive solely Class A common stock, you generally will recognize gain or loss for U.S. federal income tax purposes with respect to your participation interest equal to the amount by which the fair market value of any shares of Class A common stock you receive in connection with the consolidation, plus the amount of liabilities allocable to your participation interest, exceeds your tax basis in your participation interest. In addition, if you are an individual or a partnership for New York State personal income tax purposes, any gain that you recognize in the consolidation will generally be treated as New York source income for New York State personal income tax purposes. As a result, you (or, if you are a partnership, any of your partners who are individuals) will generally be subject to New York State personal income tax on such gain even if you are treated as a New York nonresident for purposes of the New York State personal income tax. The New York City personal income tax should not apply to individuals who are treated as New York City nonresidents for purposes of the tax. You will recognize phantom income (*i.e.*, income in excess of the value of any shares of common stock you receive) if you have a negative capital account with respect to your participation interest. If you elect to receive common stock and have gain for U.S. federal income tax purposes, you will need to satisfy any associated tax liabilities with cash from you other resources. The supervisor urges you to consult with your tax advisor to evaluate the tax consequences to you in your particular circumstances as a result of the consolidation. For a further discussion of the general U.S. federal income tax consequences of the transactions contemplated herein that may be relevant, you should carefully review the section entitled U.S. Federal Income Tax Considerations.

If you receive a combination of operating partnership units and common stock, you may also recognize gain or loss for U.S. federal income tax purposes, as more fully discussed under U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation. See also U.S. Federal Income Tax Considerations U.S. Federal Income Tax Considerations of the Voluntary Pro Rata Reimbursement Program for the Former Property Manager and Leasing Agent Legal Proceedings for a discussion of the tax consequences of the deemed receipt of shares of common stock under the voluntary pro rata reimbursement program.

Tax consequences to holders of operating partnership units upon a sale or refinancing of the company s properties may cause the interests of certain members of the company s senior management team to differ from your own.

As a result of the unrealized built-in gain attributable to a property at the time of contribution, some holders of operating partnership units, including Anthony E. Malkin and Peter L. Malkin, may suffer different and more adverse tax consequences than holders of common stock or other holders of operating partnership units upon the sale or refinancing of the properties owned by the operating partnership, including disproportionately greater allocations of items of taxable income and gain upon a realization event. As those holders will not receive a correspondingly greater distribution of cash proceeds, they may have different objectives regarding the appropriate pricing, timing and other material terms of any sale or refinancing of certain properties, or whether to sell or refinance such properties at all. As a result, the effect of certain transactions on Anthony E. Malkin and Peter L. Malkin may influence their decisions affecting these properties and may cause them to attempt to delay, defer or prevent a transaction that might otherwise be in the best interests of the company s other stockholders. In connection with the consolidation, the operating partnership intends to enter into a tax protection agreement with Anthony E. Malkin and Peter L. Malkin pursuant to which the operating partnership will agree to indemnify the Wien group and an additional third party investor in Metro Center (who was one of the original landowners and was involved in the development of the property) against certain tax liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance, or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value) to be acquired by the operating partnership in the consolidation for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or

Table of Contents

(y) the death of both Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by those properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership s failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such investor owns less that the aggregate number of operating partnership units and shares of common stock equal to 50% of the aggregate number of such units and shares such investor received in the consolidation. The operating partnership estimates that if all of its assets subject to the tax protection agreement were sold in a taxable transaction immediately after the IPO, the amount of the operating partnership s indemnification obligations (based on tax rates applicable for the taxable year ending December 31, 2012, and exchange values, and including additional payments to compensate the indemnified partners for additional tax liabilities resulting from the indemnification payments) would be approximately $97.7 million (which will be $119.6 million beginning after December 31, 2012 if certain sunset provisions under the Internal Revenue Code are not altered or reversed). As a result of entering into the tax protection agreement, Anthony E. Malkin and Peter L. Malkin may have an incentive to cause the company to enter into transactions from which they may personally benefit.

Participants may recognize taxable gain resulting from a reduction in their share of the operating partnership s liabilities and accordingly may recognize taxable gain even if they elect to receive solely operating partnership units in the consolidation.

If you elect to receive solely operating partnership units in the consolidation, or a combination of (a) operating partnership units and (b) shares of common stock not in excess of your reimbursement amount, to the extent that the current mortgage debt on the subject LLC s property is maintained, or such mortgage debt is refinanced with similar mortgage debt, your share of the operating partnership s liabilities should generally be an amount sufficient to avoid your recognizing gain for U.S. federal income tax purposes as a result of the consolidation. However, there can be no assurance that this will be the case for all participants in each subject LLC.

In general, following the consolidation, the operating partnership generally intends to maintain a level of mortgage debt on the property currently held by the subject LLC, or to refinance such debt with similar debt. The operating partnership may, however, elect to pay down its indebtedness or refinance such indebtedness with unsecured debt following the consolidation, including mortgage indebtedness on property owned by the subject LLC which may reduce the amount of the operating partnership s liabilities allocable to a participant. In addition, the operating partnership s commitment pursuant to the tax protection agreement entered into with Peter L. Malkin and Anthony E. Malkin could result in less operating partnership liabilities available to be allocated to a participant as a result of such persons and the Wien group being offered opportunities to guarantee certain indebtedness of the operating partnership. Over time, property depreciation, capital improvements made to the properties and debt amortization and repayment, among other things, may reduce your share of the operating partnership s liabilities. A reduction in your share of the operating partnership s liabilities (either as a result of the consolidation, from a pay down of mortgage debt following the consolidation or over time) that exceeds your U.S. federal income tax basis in your operating partnership units is treated as taxable gain from the sale or exchange of your operating partnership units.

Participants should carefully review U.S. Federal Income Tax Considerations U.S. Federal Income Tax Consequences of the Consolidation and consult their tax advisors with regard to liabilities associated with their participation interests and their share of the operating partnership s liabilities following the consolidation and in future periods.

Table of Contents

You will not receive tax protection against taxable gains.

Generally, under applicable U.S. federal income tax laws and regulations, participants of a subject LLC would recognize gain or loss, for U.S. federal income tax purposes, with respect to their operating partnership units if, following the consolidation, the operating partnership were to sell a property previously owned by that subject LLC. Participants also would recognize taxable gain if participants were not allocated sufficient liabilities under U.S. federal tax rules with respect to their operating partnership units.

As part of the consolidation, the operating partnership intends to enter into a tax protection agreement with Peter L. Malkin and Anthony E. Malkin pursuant to which the operating partnership will agree to indemnify the Wien group and an additional third party investor in Metro Center (who was one of the original landowners and was involved in the development of the property) against certain tax liabilities if those tax liabilities result from (i) the operating partnership s sale, transfer, conveyance or other taxable disposition of four specified properties (First Stamford Place, Metro Center, 10 Bank Street and 1542 Third Avenue, which collectively represent approximately 2.44% of the aggregate exchange value), to be acquired by the operating partnership in the consolidation, for a period of 12 years with respect to First Stamford Place and for the later of (x) eight years or (y) the death of both of Peter L. Malkin and Isabel W. Malkin, who are 78 and 76 years old, respectively, for the three other properties, (ii) the operating partnership s failing to maintain until maturity the indebtedness secured by these properties or failing to use commercially reasonable efforts to refinance such indebtedness upon maturity in an amount equal to the principal balance of such indebtedness, or, if the operating partnership is unable to refinance such indebtedness at its current principal amount, at the highest principal amount possible, or (iii) the operating partnership s failing to make available to any of these investors the opportunity to guarantee, or otherwise bear the risk of loss, for U.S. federal income tax purposes, of their allocable share of $160 million of aggregate indebtedness meeting certain requirements, until such investor owns less than the aggregate number of operating partnership units and shares of common stock equal to 50% of the aggregate number of such units and shares of common stock such investor received in the consolidation. For a further description of the tax protection agreement, see The Consolidation Description of the Tax Protection Agreement.

Specific transactions or tax elections may cause you to recognize gain or otherwise affect your investment.

As a general matter, the company, per the terms of the operating partnership agreement, will not be required to take into account tax consequences to the other partners of the operating partnership (including a holder of operating partnership units that received those units in connection with the consolidation) in deciding whether to cause the operating partnership to undertake specific transactions or make tax elections that could cause you to recognize gain. Consequently, any deferred tax gain allocable to the operating partnership units that you receive in connection with the consolidation could be triggered at any time, and your share of the liabilities of the operating partnership could be reduced at any time and no promise can be made to you that you will continue to enjoy the benefit of deferring any gain that would have otherwise been recognized had you received common stock in the consolidation.

If the operating partnership were not to make an election under Section 754 of the Code to adjust its asset basis, a subsequent transferee of operating partnership units could be allocated more taxable income in respect of those operating partnership units prior to disposition than if such an election were made.

The operating partnership currently intends to make an election to adjust asset basis under Section 754 of the Code. If no such election is made, there will generally be no adjustment to the basis of the assets of the operating partnership upon a subsequent transferee s acquisition of operating partnership units from a participant transferring operating partnership units, even if the purchase price for those operating partnership units is greater than the share of the aggregate tax basis of the operating partnership s assets attributable to those operating partnership units immediately prior to the acquisition. Consequently, upon a sale of an asset by the operating partnership, gain allocable to a holder of operating partnership units could include built-in gain in the asset existing at the time such subsequent holder acquired the operating partnership units, which built-in gain would otherwise generally be eliminated if a Section 754 election had been made. See U.S. Federal Income Tax Considerations Consequences of Holding Operating Partnership Units Section 754 Election.

Table of Contents

The operating partnership cannot match transferors and transferees of Series 60, Series 250, or Series ES operating partnership units, and the operating partnership will therefore adopt certain income tax accounting positions that may not conform with all aspects of applicable tax requirements. The IRS may challenge this treatment, which could adversely affect the tax consequences, liquidity and market price of such operating partnership units.

Because the operating partnership cannot match transferors and transferees of Series 60, Series 250, or Series ES operating partnership units, the operating partnership will adopt certain depreciation, amortization and other tax accounting positions that may not conform with all aspects of existing Treasury Regulations. A successful challenge to those positions could adversely affect the amount of tax benefit available or taxable income allocated to holders of such operating partnership units. It also could affect the timing of certain tax benefits or the amount of gain on the sale of such operating partnership units and could have a negative impact on the value of such operating partnership units or result in audits of and adjustments to the tax returns of holders of Series 60, Series 250, or Series ES operating partnership units.

In addition, the operating partnership s taxable income and losses will be determined and apportioned among investors using conventions the operating partnership regards as consistent with applicable law. As a result, if you transfer your operating partnership units, you may be allocated income, gain, loss and deduction realized by the operating partnership after the date of transfer. Similarly, a transferee may be allocated income, gain, loss and deduction realized by the operating partnership prior to the date of the transferee s acquisition of operating partnership units and, in certain circumstances, even if such a transferee receives no distributions. A transferee may also bear the cost of withholding tax imposed with respect to income allocated to a transferor through a reduction in the cash distributed to the transferee.

The company s failure to qualify or remain qualified as a REIT would subject the company to U.S. federal income tax and applicable state and local taxes, which would reduce the amount of cash available for distribution to the company s stockholders.

The company has been organized and intends to operate in a manner that will enable it to qualify as a REIT for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2013. The company has not requested and does not intend to request a ruling from the IRS that it qualifies as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions and Treasury Regulations promulgated thereunder for which there are limited judicial and administrative interpretations. The complexity of these provisions and of applicable Treasury Regulations is greater in the case of a REIT that, like the company, holds its assets through partnerships. To qualify as a REIT, the company must meet, on an ongoing basis, various tests regarding the nature and diversification of its assets and the company s income, the ownership of its outstanding shares, and the amount of its distributions. The company s ability to satisfy these asset tests depends upon its analysis of the characterization and fair market values of its assets, some of which are not susceptible to a precise determination, and for which the company will not obtain independent appraisals. The company s compliance with the REIT income and quarterly asset requirements also depends upon the company s ability to manage successfully the composition of its income and assets on an ongoing basis. Moreover, new legislation, court decisions or administrative guidance, in each case possibly with retroactive effect, may make it more difficult or impossible for the company to qualify as a REIT. Thus, while the company intends to operate so that it will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in the company s circumstances, no assurance can be given that the company will so qualify for any particular year. These considerations also might restrict the types of assets that the company can acquire in the future.

If the company fails to qualify as a REIT in any taxable year, and it does not qualify for certain statutory relief provisions, it would be required to pay U.S. federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and distributions to its stockholders would not be deductible by it in determining its taxable income. In such a case, the company might need to borrow money, sell assets, or reduce or even cease making distributions in order to pay its taxes. The company s payment of income tax would reduce significantly the amount of cash available for distribution to its stockholders. Furthermore, if the company fails to maintain its qualification as a REIT, it no longer would be required to distribute substantially all of its net taxable income to its stockholders. In addition, unless the company was eligible for certain statutory relief provisions, it could not re-elect to qualify as a REIT until the fifth calendar year following the year in which it failed to qualify.

Complying with the REIT requirements may cause the company to forego and/or liquidate otherwise attractive investments.

To qualify as a REIT, the company must ensure that it meets the REIT gross income tests annually. In addition, the company must ensure that, at the end of each calendar quarter, at least 75% of the value of its total assets consists of cash, cash items, government securities and qualified REIT real estate assets, including certain mortgage loans and certain kinds of mortgage-backed securities. The remainder of the company s investment in securities (other than government securities, securities of corporations that are treated as taxable REIT subsidiaries, or TRSs, and qualified REIT real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of the company s assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer, and no more than 25% of the value of the company s total securities can be represented by securities of one or more TRSs. See U.S. Federal Income Tax Considerations Requirements for Qualification General Asset Tests. If the company fails to comply with these asset requirements at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its REIT qualification and suffering adverse tax consequences.

To meet these tests, the company may be required to take or forgo taking actions that it would otherwise consider advantageous. For instance, in order to satisfy the gross income or asset tests applicable to REITs under the Code, the company may be required to forego investments that it otherwise would make. Furthermore, the company may be required to liquidate from its portfolio otherwise attractive investments. In addition, the company may be required to make distributions to stockholders at disadvantageous times or when the company does not have funds readily available for distribution. These actions could have the effect of reducing the company s income and amounts available for distribution to its stockholders and holders of operating partnership units. Thus, compliance with the REIT requirements may hinder the company s investment performance.

The REIT distribution requirements could require the company to borrow funds during unfavorable market conditions or subject the company to tax, which would reduce the cash available for distribution to the company s stockholders.

In order to qualify as a REIT, the company must distribute to its stockholders, on an annual basis, at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains. In addition, the company will be subject to U.S. federal income tax at regular corporate rates to the extent that it distributes less than 100% of its net taxable income, (including capital gains) and will be subject to a 4% nondeductible excise tax on the amount by which its distributions in any calendar year are less than a minimum amount specified under U.S. federal income tax laws. The company intends to distribute its net income to its stockholders in a manner intended to satisfy the REIT 90% distribution requirement and to avoid U.S. federal income tax and the 4% nondeductible excise tax.

In addition, the company s taxable income may exceed its net income as determined by GAAP because, for example, realized capital losses will be deducted in determining the company s GAAP net income, but may not be deductible in computing the company s taxable income. In addition, the company may incur nondeductible capital expenditures or be required to make debt or amortization payments. As a result of the foregoing, the company may generate less cash flow than taxable income in a particular year and the company may incur U.S. federal income tax and the 4% nondeductible excise tax on that income if the company does not distribute such income to stockholders in that year. In that event, the company may be required to use cash reserves, incur debt or liquidate assets at rates or times that the company regards as unfavorable or make a taxable distribution of its shares in order to satisfy the REIT 90% distribution requirement and to avoid U.S. federal income tax and the 4% nondeductible excise tax in that year.

If the operating partnership is treated as a corporation for U.S. federal income tax purposes, the company will cease to qualify as a REIT.

The company believes the operating partnership qualifies as a partnership for U.S. federal income tax purposes. Assuming that it qualifies as a partnership for U.S. federal income tax purposes, the operating partnership will not be subject to U.S. federal income tax on its income. Instead, each of its partners, including the company, is required to pay tax on its allocable share of the operating partnership s income. No assurance can be provided, however, that the IRS will not challenge the operating partnership s status as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating the operating partnership as a corporation for U.S. federal income tax purposes, the company would fail to meet the gross income tests and certain of the asset tests applicable to REITs and, therefore, cease to qualify as a REIT and the operating partnership would become subject to U.S. federal, state and local income tax. The payment by the operating partnership of income tax would reduce significantly the amount of cash available to the operating partnership to satisfy obligations to make principal and interest payments on its debt and to make distribution to its partners, including the company.

Even if the company qualifies as a REIT, it may incur tax liabilities that reduce its cash flow.

Even if the company qualifies for taxation as a REIT, it may be subject to certain U.S. federal, state and local taxes on its income and assets, including taxes on any undistributed income, taxes on income from some activities conducted as a result of a foreclosure, and state or local income, franchise, property and transfer taxes, including mortgage recording taxes. See U.S. Federal Income Tax Considerations Taxation of the Company Taxation of REITs in General. In addition, Empire State Realty Observatory TRS, LLC, a New York limited liability company, or Observatory TRS, Empire State Realty Holdings TRS, LLC, a Delaware limited liability company, or Holding TRS, and any other TRSs the company owns will be subject to U.S. federal, state and local corporate income taxes. In order to meet the REIT qualification requirements, or to avoid the imposition of a 100% tax that applies to certain gains derived by a REIT from sales of inventory or property held primarily for sale to customers in the ordinary course of business, the company will hold some of its assets through taxable C corporations, including TRSs. Any taxes paid by such subsidiary corporations would decrease the cash available for distribution to the company s stockholders.

If the company is not able to lease the Empire State Building observatory to a TRS in a manner consistent with the ruling that the company has received from the IRS, or if the company is not able to maintain its broadcast licenses in a manner consistent with the ruling it has received from the IRS, it would be required to restructure its operations in a manner that could adversely affect the value of its stock.

Rents from real property are generally not qualifying income for purposes of the REIT gross income tests if the rent is treated as related party rent. Related party rent generally includes (i) any rent paid by a corporation if the REIT (or any person who owns 10% or more of the stock of the REIT by value) directly or indirectly owns 10% or more of the stock of the corporation by vote or value and (ii) rent paid by a partnership if the REIT (or any person who owns 10% or more of the stock of the REIT by value) directly or indirectly owns an interest of 10% or more in the assets or net profits of the partnership. Under an exception to this rule, related party rent is treated as qualifying income for purposes of the REIT gross income tests if it is paid by a TRS of the REIT and (i) at least 90% of the leased space in the relevant property is rented to persons other than either TRSs or other related parties of the REIT, and (ii) the amounts paid to the REIT as rent from real property are substantially comparable to the rents paid by unrelated tenants of the REIT for comparable space.

Income from admissions to the Empire State Building observatory, and certain other income generated by the observatory, would not likely be qualifying income for purposes of the REIT gross income tests. The company will jointly elect with Observatory TRS, which is the current lessee and operator of the observatory and which will be wholly owned by the operating partnership following the completion of the IPO, for Observatory TRS to be treated as a TRS of the company for U.S. federal income tax purposes following the completion of the IPO. Observatory TRS will lease the Empire State Building observatory from the operating partnership pursuant to an existing lease that provides for fixed base rental payments and variable rental payments equal to certain percentages of Observatory TRS s gross receipts from the operation of the observatory. Given the unique nature of the real estate comprising the observatory, the company does not believe that there is any space in the Empire State Building or in the same geographic area as the Empire State Building that would likely be considered sufficiently comparable to the observatory for the purpose of applying the exception to related party rent described above. The company has received from the IRS a private letter ruling that the rent that the operating partnership will receive from Observatory TRS pursuant to the lease described above will be qualifying income for purposes of the REIT gross income tests.

In addition, following completion of the IPO, the operating partnership will acquire various license agreements (i) granting certain third party broadcasters the right to use space on the tower on the top of the Empire State Building for certain broadcasting and other communication purposes and (ii) granting certain third party vendors the right to operate concession stands in the observatory. The company has received from the IRS a private letter ruling that the license fees that the operating partnership will receive under the license agreements described above will be qualifying income for purposes of the REIT gross income tests.

The company is entitled to rely upon these private letter rulings only to the extent that it did not misstate or omit a material fact in the ruling request and that it continues to operate in accordance with the material facts described in such request, and no assurance can be given that the company will always be able to do so. If the company were not able to treat the rent that the operating partnership receives from Observatory TRS as qualifying income for purposes of the REIT gross income tests, the company would be required to restructure the manner in which it operates the observatory, which would likely require the company to cede operating control of the observatory by leasing the observatory to an affiliate or third party operator. If the company were not able to treat the license fees that the operating partnership will receive from the license agreements described above as qualifying income for purposes of the REIT gross income tests, the company would be required to enter into the license agreements described above through a TRS, which would cause the license fees to be subject to U.S. federal income tax and accordingly reduce the amount of the company s cash flow available to be distributed to its stockholders. In either case, if the company is not able to appropriately restructure its operations in a timely manner, it would likely realize significant income that does not qualify for the REIT gross income tests, which could cause the company to fail to qualify as a REIT.

Although the company s use of TRSs may partially mitigate the impact of meeting certain requirements necessary to maintain its qualification as a REIT, there are limits on the company s ability to own TRSs, and a failure to comply with the limits would jeopardize the company s REIT qualification and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may hold assets and earn income that would not be qualifying assets or income if held or earned directly by a REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% of the value of a REIT s assets may consist of securities of one or more TRSs. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm s-length basis.

The company will jointly elect with each of Observatory TRS and Holding TRS, which will be a newly formed Delaware limited liability company that will be wholly owned by the operating partnership following the completion of the consolidation, for each of Observatory TRS and Holding TRS to be treated as a TRS under the Code for U.S. federal income tax purposes following the completion of the consolidation. Observatory TRS,

Table of Contents

Holdings TRS, and any other TRSs that the company forms will pay U.S. federal, state and local income tax on their taxable income, and their after-tax net income will be available for distribution to the company but is not required to be distributed unless necessary to maintain the company s REIT qualification. Although the company will be monitoring the aggregate value of the securities of such TRSs and intends to conduct its affairs so that such securities will represent less than 25% of the value of its total assets, there can be no assurance that the company will be able to comply with the TRS limitation in all market conditions.

Dividends payable by REITs have not qualified for the reduced tax rates applicable to dividend income from regular corporations in taxable years beginning before January 1, 2013, which could adversely affect the value of the company s Class A common stock if these tax rates are extended.

For taxable years beginning prior to January 1, 2013, the maximum U.S. federal income tax rate for certain qualified dividends payable to U.S. stockholders that are individuals, trusts and estates is 15%. Dividends payable by REITs, however, are generally not eligible for the reduced rates and therefore may be subject to a 35% maximum U.S. federal income tax rate on ordinary income during this period. Absent legislative action, for taxable years beginning after December 31, 2012, all dividends payable to U.S. stockholders that are individuals, trusts and estates will be subject to a maximum U.S. federal income tax rate of 39.6%, regardless of whether the dividend is payable by a REIT. However, if legislation is passed extending the reduced tax rates in effect prior to 2013, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends even though the reduced U.S. federal income tax rate applicable to dividend income from regular corporate dividends does not adversely affect the taxation of REITs or dividends paid by REITs. This could adversely affect the value of the shares of REITs, including the company s Class A common stock.

Complying with REIT requirements may limit the company s ability to hedge effectively and may cause the company to incur tax liabilities.

The REIT provisions of the Code may limit the company s ability to hedge its assets and operations. Under these provisions, any income that the company generates from transactions intended to hedge its interest rate risk will be excluded from gross income for purposes of the REIT 75% and 95% gross income tests if the instrument hedges interest rate risk on liabilities used to carry or acquire real estate assets, and such instrument is properly identified under applicable Treasury Regulations. Income from hedging transactions that do not meet these requirements will generally constitute non-qualifying income for purposes of both the REIT 75% and 95% gross income tests. See U.S. Federal Income Tax Considerations Requirements for Qualification Gross Income Tests and U.S. Federal Income Tax Considerations Requirements for Qualification Hedging Transactions. As a result of these rules, the company may have to limit its use of hedging techniques that might otherwise be advantageous or implement those hedges through a TRS. This could increase the cost of the company s hedging activities because the company s TRS would be subject to tax on gains or expose the company to greater risks associated with changes in interest rates than the company would otherwise want to bear. In addition, losses in the company s TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRS.

The ability of the company s board of directors to revoke the company s REIT election without stockholder approval may cause adverse consequences to the company s stockholders.

The company s charter provides that the board of directors may revoke or otherwise terminate the company s REIT election, without the approval of the company s stockholders, if the board determines that it is no longer in the company s best interest to continue to qualify as a REIT. If the company ceases to qualify as a REIT, it would become subject to U.S. federal income tax on its net taxable income and it generally would no longer be required to distribute any of its net taxable income to its stockholders, which may have adverse consequences on the company s total return to its stockholders.

Table of Contents

Legislative or regulatory tax changes related to REITs could materially and adversely affect the company s business.

At any time, the U.S. federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be changed, possibly with retroactive effect. The company cannot predict if or when any new U.S. federal income tax law, regulation or administrative interpretation, or any amendment to any existing U.S. federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective or whether any such law, regulation or interpretation may take effect retroactively. The company and its stockholders could be adversely affected by any such change in, or any new, U.S. federal income tax law, regulation or administrative interpretation.

Your investment has various tax risks.

Although provisions of the Code generally relevant to an investment in operating partnership units, Class A common stock or Class B common stock are described in U.S. Federal Income Tax Considerations, you should consult your tax advisor concerning the effects of U.S. federal, state, local and foreign tax laws to you with regard to an investment in operating partnership units, Class A common stock or Class B common stock.

The company may inherit tax liabilities from the entities to be merged into the company or its subsidiaries in the consolidation.

Pursuant to the consolidation, Malkin Properties of Connecticut, Inc., a Connecticut corporation, or Malkin Properties CT, and Malkin Construction Corp., a Connecticut corporation, or Malkin Construction, will merge with and into a subsidiary of the company, with the subsidiary surviving, in a transaction that is intended to be treated as a reorganization under the Code. Each of Malkin Properties CT and Malkin Construction has elected to be treated as an S Corporation for U.S. federal income tax purposes under Section 1361 of the Code. If either of Malkin Properties CT or Malkin Construction failed to qualify as an S corporation, the company could assume material U.S. federal income tax liabilities in connection with the consolidation and/or may be subject to certain other adverse tax consequences. In addition, to qualify as a REIT under these circumstances, the company would be required to distribute, prior to the close of its first taxable year in which it elected to be taxed as a REIT under the Code, any earnings and profits of these entities to which the company is deemed to succeed. No rulings from the IRS will be requested and no opinions of counsel will be rendered regarding the U.S. federal income tax treatment of any of Malkin Properties CT or Malkin Construction. Accordingly, no assurance can be given that Malkin Properties CT or Malkin Construction has qualified as an S corporation for U.S. federal income tax purposes, or that these entities do not have any other tax liabilities. In addition, the supervisor will merge with a subsidiary of the operating partnership in the consolidation, and as a result, the company may inherit any liabilities, including any tax liabilities, of the supervisor.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus/consent solicitation contains forward-looking statements. In particular, statements pertaining to the company s and the subject LLCs capital resources, portfolio performance, dividend policy and results of operations contain forward-looking statements. Likewise, the company s unaudited pro forma financial statements and all the company s statements regarding anticipated growth in the company s portfolio from operations, acquisitions and anticipated market conditions, demographics and results of operations are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, preli approximately, intends, plans, pro forma, estimates, contemplates, aims, continues, would or anticipates or the negative of the phrases or similar words or phrases. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise and the company may not be able to realize them. The company and the supervisor do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- the factors included in this prospectus/consent solicitation, including those set forth under the headings Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations of Empire State Realty Trust and The Company Business and Properties;
- the effect of the credit crisis on general economic, business and financial conditions, and changes in the company s industry and changes in the real estate markets in particular, either nationally or in Manhattan or the greater New York metropolitan area;
- resolution of the class action lawsuits;
- the value of the operating partnership units and shares of common stock that you will receive in the consolidation;
- reduced demand for office or retail space;
- use of proceeds of the IPO;
- general volatility of the capital and credit markets;
- the market price of the operating partnership units and the company s Class A common stock issued to participants in the subject LLCs, including the amount of the discount of enterprise value to exchange value;
- changes in the company s business strategy;
- defaults on, early terminations of or non-renewal of leases by tenants;
- bankruptcy or insolvency of a major tenant or a significant number of smaller tenants;

fluctuations in interest rates and increased operating costs;

declining real estate valuations and impairment charges;

availability, terms and deployment of capital;

the company s failure to obtain necessary outside financing, including the company s expected new secured revolving and term credit facility;

the company s expected leverage;

decreased rental rates or increased vacancy rates;

the company s failure to generate sufficient cash flows to service its outstanding indebtedness;

the company s failure to redevelop, renovate and reposition properties successfully or on the anticipated timeline or at the anticipated costs;

difficulties in identifying properties to acquire and completing acquisitions, including potentially the option properties described in this prospectus/consent solicitation;

risks of real estate acquisitions, dispositions and development (including the company s Metro Tower development site), including the cost of construction delays and cost overruns;

the company s failure to operate acquired properties and operations successfully;

the company s projected operating results;

the company s ability to manage its growth effectively;

estimates relating to the company s ability to make distributions to its stockholders in the future;

impact of changes in governmental regulations, tax law and rates and similar matters;

the failure of the operating partnership to maintain its status as a partnership for U.S. federal income tax purposes;

the company s failure to qualify as a REIT;

future terrorist events in the U.S.;

environmental uncertainties and risks related to adverse weather conditions and natural disasters;

lack or insufficient amounts of insurance;

financial market fluctuations;

availability of and the company s ability to attract and retain qualified personnel;

conflicts of interest with the company s senior management team;

the company s understanding of its competition;

changes in real estate and zoning laws and increases in real property tax rates and the company s ability to comply with the laws, rules and regulations applicable to companies and, in particular, public companies. While forward-looking statements reflect the company s or the supervisor s, as applicable, good faith beliefs, they are not guarantees of future performance. The company and the supervisor disclaim any obligation publicly to update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes after the date of this prospectus, except as required by applicable law. For a further discussion of these and other factors that could impact the company s future results, performance or transactions, see the section above entitled Risk Factors. You should not place undue reliance on any forward-looking statements, which are based only on information currently available to the company (or to third parties making the forward-looking statements).

Table of Contents

BACKGROUND OF AND REASONS FOR THE CONSOLIDATION

Background of the Subject LLCs

The three subject LLCs are publicly-registered limited liability companies originally formed as partnerships by principals of the supervisor from 1953 to 1961. The principals of the supervisor during this period consisted of Lawrence A. Wien, until his death in 1988 and, beginning in 1958, Mr. Wien s son-in-law Peter L. Malkin. Anthony E. Malkin, Mr. Wien s grandson, joined his father Peter L. Malkin as a principal in 1989. In exercising control, Peter L. Malkin and Anthony E. Malkin have been, and continue to be, subject to fiduciary duties owed to multiple sets of equity owners in each subject LLC and private entity. Each subject LLC was formed to acquire the fee title or long-term ground lease interest in an office property located in Manhattan and to lease the property to an operating lessee, which operates the property. The private entities, including the operating lessees were formed between 1953 and 2008 and own office properties, retail properties and, in one case, fully entitled land including a development site, in Manhattan and the greater New York metropolitan area. The supervisor and the Malkin Family provide supervisory and other services for each subject LLC, each operating lessee and the other private entities.

As lessor, each subject LLC receives from its operating lessee fixed basic rent (and, in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., primary additional rent), overage rent (equal to 50% of the operating lessee s net operating profit). In the case of Empire State Building Associates L.L.C., net operating profit is calculated as net operating profits in excess of $1,000,000 per annum, which amount is retained by Empire State Building Company L.L.C., and in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., net operating profit is calculated as net operating profits in excess of $1,053,800 per annum and $752,000 per annum, respectively, of primary additional rent, which is paid by the operating lessee to the applicable subject LLC to the extent of net profits. Such amounts represent approximately 2.78%, 4.35% and 10.59%, respectively, of the original purchase price of each of the Empire State Building, One Grand Central Place and 250 West 57th Street. Each operating lessee was formed initially as a partnership, the partners of which included Lawrence A. Wien and Harry B. Helmsley, and later converted to a limited liability company. Under the operating lease, the subject LLC, as lessor, has no right to operate the property. The operating lessee does not require any approval from the subject LLC for any operating decision. As such, the operating lessee makes all decisions relating to the operations of the property, including decisions as to leasing the property and selection of tenants and timing of leasing; what repairs to make, how much to spend on them and how to maintain the property (consistent with its obligation to repair, maintain and replace the property, subject to the lessor s consent for certain alterations which must be reasonably given); whether to hire property management and leasing agents or to handle such work internally; how to use the cash flow from the property; whether to seek financing for major expenditures; and whether to use cash flow for property-related expenses or to establish reserves. Each subject LLC has the right to approve a sale or mortgage of the entire property. The control by the operating lessee affects the cash returns to a subject LLC above basic rent (and, in the case of 60 East 42nd St. Associates L.L.C. and 250 West 57th St. Associates L.L.C., primary additional rent) because, under the lease, the subject LLC and operating lessee have a 50/50 split of net operating profit above such specified amount.

A subject LLC, as lessor, cannot decide whether to take steps to maximize the value of the property or to undertake improvements or repairs and maintenance. A subject LLC, as lessor, also cannot determine to obtain additional financing to maximize cash flows and therefore distributions unless the operating lessee also agrees to the financing, because, in view of the operating lessee s rights under the operating lease, lenders generally could be expected to require in connection with any significant financing that the operating lessee subordinate its interest to the financing. A subject LLC, as lessor, has the right to sell its fee interest in the property without the operating lessee s consent. While the operating lessee does not have a contractual right to approve a sale of the property by the subject LLC, any property sale not agreed to by the operating lessee necessarily will be subject to the operating lease. The supervisor believes this limitation reduces the value of the subject LLCs unless sold with the operating lease position.

The supervisor, which is related to the principals who formed the subject LLCs, was appointed as the supervisor of the subject LLCs pursuant to the original partnership agreements of each of the subject LLCs and is the only party which has performed, and is authorized to perform, this role under the subject LLCs organizational documents. The members of the supervisor are Peter L. Malkin, Anthony E. Malkin, direct descendants of Peter L. Malkin, and trusts and entities, the beneficiaries and owners of which are Peter L. Malkin, his descendants and their spouses and, Thomas N. Keltner, Jr. The subject LLCs were originally established as general partnerships with no managing general partner or managing member and the supervisor is responsible for the operations and administrative functions on behalf of the subject LLCs. The supervisor, in its capacity as supervisor of each of the subject LLCs, provides all administrative and oversight services, such as maintaining the entity s records, including those related to participants, performing physical inspections of the property, providing or coordinating certain counsel services to the subject LLC, reviewing insurance coverage, arranging for financing, conducting annual supervisory review meetings, payment of monthly and additional distributions to the participants, payment of all other disbursements including real estate taxes, review of operations of the properties by the operating lessee, preparation and filing of tax returns, preparation of financial statements of the subject LLC and preparation of quarterly, annual and other periodic filings with the SEC and applicable state authorities and distribution of tax information and other information to the participants. The supervisor performs all of these services itself. In exchange for such services, the supervisor has received supervisory fees as described in the section entitled Distributions and Compensation Paid to the Supervisor and its Affiliates Compensation, Reimbursement and Distributions to the Supervisor and its Affiliates in the supplement for each subject LLC. The supervisor currently receives supervisory fees at the rate of $761,888, $189,158, and $107,190, per annum, from each of Empire State Building Associates L.L.C., 60 East 42nd St. Associates, L.L.C., and 250 West 57th St. Associates, L.L.C., respectively, for such services, in addition to compensation at an hourly rate for special supervisory services. During 2011, the supervisor billed fees for special supervisory services (primarily relating to legal and accounting services) as follows: $1,094,938 to Empire State Building Associates L.L.C. ($93,693 regarding mortgage financing and $1,001,245 regarding the proposed consolidation and IPO), $228,603 to 60 East 42nd St. Associates L.L.C. (all regarding the proposed consolidation and IPO) and $109,560 to 250 West 57th St. Associates L.L.C. (all regarding the proposed consolidation and IPO). The fees for basic and special supervisory services expected to be received over the 10 years ended 2020 were taken into account in determining the exchange value of the management companies. The fees for special supervisory services in connection with the consolidation and IPO were not included in determining the exchange value of the management companies. The supervisor also serves as supervisor of the private entities and in that capacity, in addition to providing the administrative functions similar to those it provides to the subject LLCs, it supervises all aspects of property operations, leasing, reporting and financing. The supervisor s supervisory services on behalf of the subject LLCs and the operating lessees are interrelated, as they have been since inception. The supervisor owes a fiduciary duty to the subject LLCs.

Principals of the supervisor have been partners, members or agents in the operating lessees from the origination of these entities, and in its capacity as supervisor of the operating lessees, the supervisor oversees the day-to-day operations of the operating lessees and the properties.

Each of the agents is a member of the subject LLCs with the right to approve actions requiring the consent of members of the subject LLCs, subject to approval of certain significant actions by participants to the extent required under the participating agreements and as described in the next paragraph and under Comparison of Ownership of Participation Interests, Operating Partnership Units and Shares of Common Stock Voting Rights. The agents, in their capacities as agents, have no economic interest in the subject LLCs. From inception, the agents have been persons who have been principals of, or are related to principals of, the supervisor. The supervisor has played the central role in administering the subject LLCs and the agents role has been primarily performing ministerial functions and consenting to matters proposed by the supervisor for which the participants have given any required consent. The agents have a duty to comply with the participating agreements and the organizational documents of the subject LLCs and owe a fiduciary duty to the participants in their participation groups.

Table of Contents

The participants are divided into participating groups and the participants in each participating group have been granted participations in the membership interest of one of the agents. Under the participating agreements, the agent has the right to take all actions with respect to its membership interest, except for certain significant actions, such as sales, financings and amendment to the operating lease, that require the consent of the participants. For a more detailed list of such actions requiring consent of the participants, see Comparison of Ownership of Participation Interests, Operating Partnership Units and Shares of Common Stock Voting Rights. The agents distribute all amounts received by them to the participants in their participating group, pro rata in proportion to their participation interests.

The Malkin Holdings group and the Helmsley estate own, on an aggregate basis, the following interests in each of the subject LLCs, each of the operating lessees and the private entities (other than the operating lessees), as a group, based on exchange values and percentage of aggregate exchange value for the applicable entity:

Entity	Malkin Holdings group		Helmsley estate	
	Exchange Value	Percentage	Exchange Value	Percentage
Empire State Building Associates L.L.C.				